

**CZECH TECHNICAL  
UNIVERSITY  
IN PRAGUE**

**MASARYK  
INSTITUTE  
OF ADVANCED  
STUDIES**



**MASTER'S  
THESIS**

**2024**

**MARIIA  
POZDEEVA**

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POZDEEVA**

**MASTER'S**

**THESIS**

Analysis of the quality of work-life in a Corporate company

Analýza kvality pracovního života v Korporatní společnosti

**STUDY DEGREE PROGRAMME**

Innovation Project Management

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**2024**



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Master's thesis title in English:

**Analysis of the Quality of Work-life in a Corporate Company**

Master's thesis title in Czech:

**Analýza kvality pracovního života v korporátní společnosti**

Guidelines:

The goal of the thesis is to understand the quality of working life of employees of a corporate company. The goal of the thesis is to answer the question: How do the employees of the Johnson & Johnson corporate company feel the quality of their working life?

Bibliography / sources:

DVO ÁKOVÁ, Z. 2005. Podmínky pro rovné zacházení a zlepšování kvality pracovního života. Praha: VÚBP.  
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Vaňurová, Helena a Mühlpachr, Pavel. 2005. Kvalita života teoretická a metodologická východiska. Brno : Masarykova Univerzita v Brně

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Date of master's thesis assignment: **02.04.2024** Deadline for master's thesis submission: **25.04.2024**

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POZDEEVA, Mariia. *Analysis of the quality of work-life in a Corporate Company*. Praha: CTU 2024.  
Master's thesis. Czech Technical University in Prague, Masaryk Institute of Advanced Studies.



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## **Acknowledgement**

A big thank to prof. Ing. Zuzana Dvořáková, CSc. for agreeing to be my supervisor and supporting me during work on this thesis.

# Abstract

This thesis undertakes a comprehensive exploration of the quality of working life, with a specific focus on employees in corporate settings, aiming to understand their experiences and perceptions. The study begins by defining the term "quality of life," tracing its conceptual evolution and discussing various measurement methods encompassing both external and internal indicators. Factors affecting overall quality of life, including health, lifestyle, emotions, relationships, and stress levels, are thoroughly examined. Subsequently, the concept of quality of work life is introduced, highlighting its determinants, measurement techniques, and the significance of work in individuals' lives, along with emotional and stress-related aspects. The unique working environment within corporate companies is described, comparing it to small businesses and analysing the advantages and disadvantages. Motivational factors and incentives tailored for corporate employees, such as social activities, incentive programs, and career opportunities, are explored. Finally, an in-depth analysis of the quality of working life at Johnson & Johnson is conducted, considering the company's values, programs, and opportunities for its employees.

The goal of the thesis is to understand the quality of working life of employees of a corporate company. The goal of the thesis is to answer the question: How do the employees of the Johnson & Johnson corporate company feel the quality of their working life?

## Key words

Quality of life, Work-life balance, Corporate environment, Employee well-being, Job satisfaction, Stress management, Motivational factors, Incentive programs, Career opportunities, Johnson & Johnson.

# Abstrakt

Tato práce se zabývá komplexním průzkumem kvality pracovního života, s konkrétním zaměřením na zaměstnance v korporátním prostředí, s cílem porozumět jejich zkušenostem a vnímání. Studie začíná definicí termínu "kvalita života", sledováním jeho konceptuálního vývoje a diskusí o různých metodách měření zahrnujících jak externí, tak interní indikátory. Jsou důkladně zkoumány faktory ovlivňující celkovou kvalitu života, včetně zdraví, životního stylu, emocí, vztahů a úrovně stresu. Následně je představen koncept kvality pracovního života, který zdůrazňuje jeho determinanty, metody měření a význam práce v životech jednotlivců, spolu s emocionálními a stresovými aspekty. Je popsáno jedinečné pracovní prostředí v korporátních společnostech, porovnání s malými podniky a analýza výhod a nevýhod. Jsou zkoumány motivační faktory a incentive přizpůsobené pro korporátní zaměstnance, jako jsou sociální aktivity, motivační programy a kariérní příležitosti. Nakonec je provedena hloubková analýza kvality pracovního života v Johnson & Johnson, s ohledem na hodnoty, programy a příležitosti pro její zaměstnance. Cílem práce je porozumět kvalitě pracovního života zaměstnanců korporátní společnosti. Cílem práce je odpovědět na otázku: Jak se cítí zaměstnanci korporátní společnosti Johnson & Johnson ohledně kvality svého pracovního života?

## **Klíčová slova**

Kvalita života, rovnováha mezi prací a osobním životem, korporátní prostředí, blahobyt zaměstnanců, pracovní spokojenost, řízení stresu, motivační faktory, motivační programy, kariérní příležitosti, Johnson & Johnson.

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# Methodology

As methodological base of the thesis were used general principles of cognition - method historical and logical knowledge . Using general principles of cognition as the methodological base for studying the quality of work-life in a corporate company provides a structured approach to understanding and analysing this complex phenomenon. Conduct a historical examination of work-life quality within the corporate context. This involves tracing the evolution of corporate structures, workplace policies, and employee experiences over time. By understanding the historical development of work-life dynamics, researchers can identify trends, shifts, and key events that have influenced contemporary practices.

Apply logical reasoning and deductive methods to analyze the factors influencing work-life quality in a corporate setting. This involves identifying relevant theories, models, and frameworks from organizational psychology, sociology, and management literature. By using logical knowledge frameworks, researchers can systematically organize and evaluate the multifaceted aspects of work-life quality.

Develop a conceptual framework that outlines the key dimensions, variables, and relationships relevant to studying work-life quality in a corporate company. This framework serves as a guide for structuring the research study, identifying research questions, and selecting appropriate methodologies. Reflect on the findings in relation to existing theories, empirical evidence, and practical implications for corporate management and employee well-being. Interpret the results within the context of the conceptual framework, drawing connections between theoretical constructs and real-world phenomena. Conclude the study by summarizing key findings, discussing their significance, and offering actionable recommendations for improving work-life quality in the corporate company. These recommendations should be grounded in empirical evidence and aligned with the organization's goals and values.

By employing a methodological approach grounded in historical and logical knowledge principles, can be conducted a rigorous investigation into the quality of work-life in a corporate company, contributing valuable insights to organizational theory and practice.

# Introduction

In today's fast-paced and competitive corporate world, the quality of work-life for employees has become an increasingly important aspect of organizational success and employee well-being. As corporations strive to maintain a competitive edge and attract top talent, understanding and enhancing the quality of working life for employees has become a critical objective.

The concept of quality of life has garnered significant attention in various fields, ranging from sociology and psychology to economics and public health. It encompasses a multidimensional framework that reflects individuals' subjective perceptions of their overall well-being and satisfaction with various aspects of their lives. Understanding the quality of life involves examining both external and internal indicators, which encompass a broad spectrum of factors influencing individuals' overall happiness and fulfillment.

One of the fundamental aspects of quality of life is its historical evolution and conceptualization. Over time, the term "quality of life" has undergone refinement and expansion, encompassing various dimensions such as physical health, psychological well-being, social relationships, and environmental factors. Measurement of quality of life involves both objective and subjective indicators, including socioeconomic status, health outcomes, life satisfaction, and access to resources and opportunities.

This thesis aims to delve into the analysis of the quality of work-life within a corporate setting, focusing specifically on the employees of Johnson & Johnson, a globally recognized company known for its commitment to employee well-being and corporate social responsibility. The central question driving this research is: How do employees of the corporate company Johnson & Johnson evaluate the quality of their working life and based on the analysis suggest measures for its improvement?

Understanding the factors that contribute to employees' perceptions of their work-life quality is essential for both organizational leaders and policymakers. By identifying areas of strength and areas needing improvement, organizations can implement targeted strategies to enhance employee satisfaction, engagement, and overall well-being. Additionally, insights gained from this research can inform broader discussions on corporate culture, employee retention, and organizational effectiveness. Factors affecting quality of life are multifaceted and interconnected, with key determinants including health status, lifestyle choices, emotional well-being, and the quality of interpersonal relationships. Stress levels, in particular, play a crucial role in shaping individuals' perceptions of their quality of life, as excessive stress can negatively impact overall well-being and functioning.

Within the realm of work-life, the concept of quality of working life has emerged as a critical consideration for both employees and organizations. It encompasses various factors, including job satisfaction, work-life balance, organizational culture, and the degree of stress experienced in the workplace. The value of work in an individual's life extends beyond financial remuneration, encompassing intrinsic motivations, career aspirations, and the overall significance of one's professional pursuits.

In the context of corporate companies, where employees often spend a significant portion of their lives, understanding the nuances of working life becomes imperative. Corporate environments

typically feature structured hierarchies, standardized procedures, and formalized systems, which can impact employees' experiences and perceptions of their work environment. A comparison between working life in corporate companies and small businesses reveals distinct differences in organizational culture, career advancement opportunities, and job security.

Despite the advantages offered by corporate employment, such as stability and access to resources, it also presents challenges, including bureaucracy, hierarchical constraints, and potential work-life imbalance. Recognizing the importance of employee motivation and incentives, corporate companies often implement various initiatives, including social activities, incentive programs, performance evaluations, and opportunities for career advancement.

In light of these considerations, this thesis aims to conduct an in-depth analysis of the quality of working life for employees of Johnson & Johnson, a leading multinational corporation renowned for its commitment to employee well-being and corporate social responsibility. By examining the value of work, motivational factors, and incentives within the context of JnJ, this study seeks to provide valuable insights into the experiences of corporate employees and offer recommendations for enhancing their quality of working life.

In summary, this research seeks to contribute to the existing literature on work-life quality by offering empirical insights into the experiences of employees within a corporate environment. By focusing specifically on Johnson & Johnson, this study aims to provide actionable recommendations for enhancing employee well-being and organizational effectiveness in the corporate sector.



# **TEORETICAL PART**

# 1. Quality of Life

Throughout the history of societal development, the category of "quality of life" has undergone evolutionary dynamics, notably denoted by concepts such as "way of life," "lifestyle," and "standard of living." The premises of studying quality of life originated in ancient philosophy. Aristotle, Plato, Socrates, Epicurus, Lucretius, and many others equated high quality of life with spiritual freedom, moral perfection, and so forth. (Heřmanová, 2012)

The scientific significance of this term was first attributed by the American economist John Kenneth Galbraith in his book "The Affluent Society" in 1958. J. Galbraith and his followers asserted that society faced a choice—either quantity, which leads to increased wages, growth in the production of goods, growing satisfaction of material needs, or quality, expressed in the level of education, culture, and the state of the environment. Galbraith's concept of quality of life justified the need for transition to a "post-industrial society," characterized by the introduction of elements of "organized consumption," enriched by the presence of spiritual, social, and cultural goods. (John Kenneth Galbraith, 1998)

Quality of life encompasses many aspects of the standard of living. The most important of these are standard measures of economic well-being: population incomes, social security, consumption of material goods, services, and so on. In a broader sense, the concept of "standard of living" also includes living conditions, labour and employment, daily life and leisure, health status, life expectancy, education, and so forth. In such cases, the term "quality of life" is more commonly used.

## 1.1. History of the Term

The concept of "quality of life" began to be actively applied in the 1960s in the United States in a political context with the aim of shaping new societal development goals, as well as in a scientific-methodological context—as an attempt to find indicators of economic well-being of countries alternative to Gross National Product (GNP).

Notable statements about "quality of life" was made by American politicians. In 1964, U.S. President Lyndon Johnson stated that a "great society" should be concerned not with the question "how much?" but with the question "how well?"—addressing not the quantity of goods but the quality of life. This sentiment was echoed by presidential candidate Robert Kennedy in his speech "On Gross National Product" in 1968, where he emphasized that GNP does not account for the health of our children, the quality of their education, or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate. It measures everything in short, except that which makes life worthwhile. (Robert F. Kennedy Speeches , 1968)

To assess the "adequacy of tools and means of measurement of the real complexity of the measured object—human society," a series of studies was initiated. One such study was commissioned by the National Aeronautics and Space Administration (NASA) to evaluate the impact of scientific and technological progress, particularly the beginning of space exploration, on the social development of American society. During the study, scientists concluded that there was a lack of adequate statistical information describing social phenomena. As a result of this research,

the book "Social Indicators" was published in 1966 under the editorship of Richard Bauer, laying the foundation for the so-called "social indicators movement." (Noll, 2002 ) Social indicators were understood as "statistics, statistical series, and all other forms of evidence that allow us to assess where we are and where we are heading in relation to our values and goals." (Bauer, 1966) The term "quality of life" emerged as a common designation for a certain set of social indicators characterizing non-monetary aspects of well-being. (Drewnowski, 1980)

In 1971, another important study was published because of a report to the Club of Rome—"The Limits to Growth" by engineer J. Forrester, which described the results of computer scenario modeling of human development. Forrester's model was based on five key factors: population size, level of investment in fixed assets, volume of natural resources, level of environmental pollution, and investment in food production. Within the proposed model, there appears a synthesizing quantity called "quality of life." According to Forrester, "quality of life depends on the material standard of living, food security, population density, and environmental pollution." (Forrester,2003) Forrester's proposed mathematical model of "quality of life" was one of the first, and since 1970, dozens of different models of quality of life have appeared in American and European scientific literature. The content of the concept of "quality of life" in these models varies significantly. (Forrester,2003)

As society evolved, the concept of "quality of life" underwent changes. By the end of the 19th century, quality of life was no longer solely associated with the level of economic development but also with citizens' subjective experiences. From this perspective, theories of welfare, concepts of "subjective well-being," or "utilitarianism" become particularly interesting. These concepts were based on the assertion that individuals determine the quality of their lives based on subjective feelings, which depend on the consumption of goods and services. Amartya Sen, for example, put forward the concept of "expanding the capabilities of human choice," in which welfare is considered a characteristic of the actual state achieved by the individual. According to Sen, an individual, possessing certain goods, based on their own interests as well as physiological, cultural, and other characteristics, forms their "way of life." It was Sen who laid down an important methodological premise that determined the further development of the concept of "quality of life": the ability to choose is a criterion for quality of life. (Sen, 1987)

In 1954, a group of UN experts developed their own approach to the concept of "welfare." They considered individual welfare as a combination of diverse—material and non-material—resources available to the individual. Depending on the combination of personal characteristics, the individual uses their resources at their discretion. When an individual achieves a certain level of security, they gain the opportunity to choose their own resources, and the wider the range of different opportunities, the higher the individual welfare. (Erikson, 1989)

In the 1970s, the concepts of "satisfaction of basic needs" and "national wealth" became particularly relevant. The World Bank defines national wealth as "the sum of accumulated human, natural, and reproducible capital." The most important component of national wealth is human capital, and the quality of life is a crucial condition for accumulating human capital. (The World Bank,2018)

As countries experienced economic development in the 20th century and improved the material conditions of life for their populations, it became clear that the production of an increasing quantity of goods and services did not guarantee a high quality of life. Émile Durkheim noted two centuries

ago that with the development of capitalism, there is a deepening of "organic solidarity," a complication of the division of labour system, further individualization of personalities, and alienation of individuals from each other, manifested in the increase in the number of suicides. Therefore, the development of capitalism cannot be an unconditional factor in the increase of population welfare. Additionally, with industrial development, the environmental situation continues to deteriorate. These and other changes predetermined the further development of the concept of quality of life and some of its aspects. (Grabb, 1990)

The field of environmental research in quality of life received special attention, developing parallel to economic research. As a result of studies on the consequences of industrial progress, researchers such as J. Forrester and D. Meadows concluded that limiting further global economic growth is necessary for the survival of humanity. The concept of "zero growth" gained widespread public resonance. The majority of scientists shared the opinion expressed by UNESCO expert I. Sachs, who stated that "in a world of social inequality, proposing to eliminate growth is equivalent to proposing hopeless poverty for the majority of humanity." (Forrester, 2003)

Thanks to the works of Mahbub ul Haq and the legacy of Amartya Sen, the concept of human development emerged. In this case, quality of life serves as one of the main criteria and factors for human potential and national wealth development, with the individual being considered as the goal of economic development. (Sen, 1987)

Despite the multidirectionality of modern quality of life research, the emergence of the concept of human potential has given a new impetus to the development of the quality of life concept and determined the direction of research for several years ahead. However, it is worth noting that even this concept has recently been subjected to criticism.

## **1.2. Definition of the Term**

The concepts of "standard of living" and "quality of life" are the subject of study in many disciplines. In contemporary scientific literature, these concepts are interpreted differently depending on the goals and objectives of the research.

Some researchers place significant emphasis on the economic aspect when defining the concept of "quality of life," focusing on the material well-being of the population. Conversely, there is an opposing viewpoint according to which quality of life is the most integrated social indicator.

Quality of life is a systemic concept defined by the unity of its components. (Heřmanová, 2012)

According to R. Veenhoven, quality of life is a comprehensive socio-economic category that includes not only the level of consumption of material goods and services (standard of living) but also the satisfaction of spiritual needs, health, life expectancy, environmental conditions, moral-psychological climate, and emotional comfort. In other words, quality of life is the degree of satisfaction of material, spiritual, and social needs of individuals. (Veenhoven, 2000)

Standard of living, on the other hand, is often understood as the degree of provision (satisfaction) of the population with necessary material and non-material goods and services, the achieved level of their consumption, and the degree of satisfaction of people's needs in these goods.

### 1.3. The Structure of the Concept

Research suggests that the economic category of "quality of life of the population" can be defined as "the established in mass consciousness, generalized assessment of the set of characteristics of the population's living conditions."

In the Stiglitz-Sen-Fitoussi report, the key components of the concept of "quality of life" are proposed as follows:

- Material living conditions (income, consumption, wealth)
- Health
- Level of education and acquisition of various skills
- Personal activity, including work
- Political voice and civil rights
- Social connections and relationships
- Current and future state of the environment
- Economic and physical security

Immediately after the release of the report, many European countries-initiated programs for the development and implementation of indicators of subjective well-being and quality of life into statistical accounting systems. France, the United Kingdom, Germany, Italy, Spain, Luxembourg, Poland, Portugal, and Finland were involved in this process.

As a result of research conducted at the country level, the statistical service of the European Union (Eurostat,2017) released the Final Report of the Expert Group on Quality-of-Life Indicators in the spring of 2017. The report identified nine key directions. They all coincide with those proposed in the Stiglitz-Sen-Fitoussi report. Additionally, a separate direction was allocated for "assessment of overall life satisfaction."

Based on the Stiglitz-Sen-Fitoussi report and the Eurostat report, let's consider what indicators can be used to describe various aspects of "quality of life."

The "material living conditions" direction combines all indicators related to wage levels, disposable income, consumption levels, and property stratification in society. Additionally, this includes the quality of housing conditions (area, number of rooms, amenities), as well as indicators of subjective satisfaction with one's financial situation.

Indicators related to "health" include life expectancy at birth, mortality rates at various ages, morbidity rates, anthropometric data allowing for the calculation of body mass index, identification of the percentage of people suffering from obesity, or determining the nutritional status of children and adults. Additionally, indicators of subjective health assessment, practice of physical exercises, presence or absence of harmful habits (smoking, alcohol consumption), play an important role.

Quality of life regarding "education" is evaluated through indicators reflecting the percentage of people who have completed a certain level of education, obtained a diploma of secondary or higher education. Additionally, results of international tests (PISA, TIMSS, PIRLS) and information about various personal skills, such as knowledge of foreign languages, can be used in this block.

The direction of "work, personal activity" includes, on one hand, all indicators of the labour market (unemployment rate, employment rate, the proportion of those working on temporary contracts, working hours, etc.), and on the other hand, indicators of job satisfaction, quality of time spent

commuting to work, balance between work and leisure time. Studies of time use (time-use survey) are conducted to assess this direction, where participants keep diaries and record what they do and what emotions they experience every 15 minutes.

Indicators used to assess the direction of "political voice and civil rights" include voting indicators (voter turnout), as well as consideration of the presence of independent civil organizations, free media, assessing the independence and accessibility of the judiciary for all, the presence of political prisoners, and trust in the legal system.

The direction of "social connections and relationships" includes indicators of social trust, social isolation (for example, frequency of meetings with friends and satisfaction from these meetings), participation in formal and informal volunteering, presence of help from others, subjective assessment of the reliability of close people.

The "security" direction includes indicators reflecting economic security (for example, the percentage of those with debts or the percentage of those who worked in the past year and were fired in the present). Additionally, everything related to physical security (murder rates in the country, subjective perception of the criminal situation, vandalism, and violence in the place of residence, feeling safe when alone at night on the way home) is included.

"Environmental conditions" include indicators of the level of pollution in the place of residence (water quality, air cleanliness), subjective perception of emissions, dirt, and other environmental problems in the place of residence, satisfaction with recreation areas and parks, overall satisfaction with the environment.

The "life satisfaction" direction considers people's evaluation of their life as a whole. This includes subjective life satisfaction, emotional state at a given moment, as well as the sense of purpose or meaning in life, good psychological state. In 2013, the Organization for Economic Co-operation and Development (OECD) released the "Guidelines on Measuring of Subjective Well-being," which outlines the methodology for how, in what order, and with what formulations to ask questions about subjective well-being to standardize research and enhance opportunities for cross-country analysis.

So, quality of life reflects the degree of satisfaction of a whole complex of diverse material, spiritual, intellectual, cultural, aesthetic, and other needs of people.

## **1.4. Dimensions**

When defining quality of life, two types of indicators are distinguished depending on the nature of the assessment: objective and subjective. (Svobodová,2006)

Strong traditions of utilitarian philosophy in the USA and the proliferation of research on human mental health have created conditions where the concept of perceived quality of life has come to the forefront. Social psychologist Angus Campbell wrote that "quality of life should be reflected in the eyes of the beholder" (Campbell, 1972). This approach became known as the "subjective" approach.

Within the "subjective" approach, the study of quality of life often boils down to the investigation of subjective well-being (SWB). The concept of subjective well-being itself consists of three elements: positive emotions, negative emotions, and life satisfaction (Diener, Lucas, 1999).

Moreover, positive and negative emotions are not opposite sides of the same coin but rather different variables - one can possess high levels of both simultaneously. Some authors add a fourth component related to the study of the presence or absence of in an individual's life: life goals, personal growth, positive relationships with others, feeling of living a meaningful life, and having important hobbies or activities in leisure time (Argyle, 1996).

European economists and sociologists have focused on studying not just human needs and how to satisfy them, but rather on the existing resources available to individuals, their fair distribution, and the resulting well-being. Resources in this context encompass money, opportunities, knowledge, physical and psychological energy, social relationships, and security (Erikson, Uusitalo, 1987). Well-being, on the other hand, refers to an individual's control over their own resources with the aim of improving their living conditions (Erikson, 1974; Erikson, 1993).

Within the framework of the "objective" or resource-oriented approach, quality of life is understood as the "well-being" of an individual, with a high level achieved through the presence of sufficient resources for creating better living conditions. However, the term "well-being" in this context is not used narrowly in a material sense but rather broadly to describe various social and spiritual aspects of human life. It's worth noting that the purely resource-oriented approach to the concept of "quality of life," which would exclude the opinions and emotions of the individual, was popular only for a short time.

Almost immediately, researchers reached a consensus that it is best to measure quality of life using both objective and subjective indicators. Finnish sociologist Erik Allardt conducted a "Comparative Study of Welfare in the Scandinavian Countries" in the 1970s (Allardt, 1993). He divided all human needs into three categories: having, loving, and being. For each category, both objective and subjective parameters of satisfaction were considered. In 1984, German sociologist Wolfgang Zapf wrote that identical living conditions can be evaluated very differently. People living in poor conditions are often more satisfied, while affluent individuals may be dissatisfied with their living conditions (Zapf, 1984). Among the prevailing German studies, welfare and quality of life are defined as "good living conditions that are accompanied by a positive level of subjective well-being."

## **1.5. External and Internal Indicators of Quality of Life**

In addition to the subjective and objective aspects of quality of life, some authors focus on external and internal factors influencing an individual's standard of living. According to Jesenský (2001) (quoted by Vaňurová, 2005), quality of life encompasses a wide range of factors that enable individuals to live in society. Jesenský divides these factors into two main categories:

Internal factors - somatic and psychological attributes influenced by health status, disorders, or defects. This category includes all factors affecting individual development and integrity of personality. External factors - represent the conditions of existence. This category includes ecological, socio-cultural, educational, occupational, economic, and material-technical factors that are closely related to the objective dimension of quality of life.

## 1.6. Measurement of Quality of Life

In 1981, the future Nobel laureate in economics, Amartya Sen, published the work "Poverty and Famines: An Essay on Entitlement and Deprivation" (Sen, 1981), which laid the foundation for another approach—considering the concept of "quality of life" from the perspective of expanding human capabilities (capability approach).

Within the framework of the approach proposed by A. Sen, a person's life is seen as a combination of functions, and quality of life is understood in terms of possessing a maximum set of "potential capabilities." Some functions are elementary, such as adequate nutrition and maintaining physical health, while others are complex, such as self-respect and social integration (Sen, 1993). Since people in different places possess different sets of values and experiences, the list of functions suitable for them also depends on the conditions. Thus, quality of life is the degree of personal freedom a person has, the extent to which they realize their available capabilities. Freedom is also understood as expanding the sources of information to understand the full range of capabilities available to a person, not just those they have already achieved. This understanding of freedom focuses on individuals as actors in their own development.

### **The Human Development Index (HDI)**

Based on this approach, a well-known indicator was created—the Human Development Index (HDI). The Human Development Index (HDI) is an economic index used to characterize the quality of life in different countries. Depending on the value of the HDI, countries are classified according to their level of development: high (0.8-1), medium (0.5-0.8), and low (0-0.5) levels. (Adámek, Němec, 2005)

The HDI includes three indicators:

- Life expectancy at birth (LEB) - evaluates longevity.
- Adult literacy rate and combined gross enrolment ratio - assesses education.
- Gross Domestic Product (GDP) per capita - measures living standards.

Life expectancy reflects the ability to live a long and healthy life, which is a natural life choice and one of the basic universal human needs. The primary indicator of longevity is life expectancy at birth, which is characterized by the average length of life expected at birth. This indicator, calculated separately for male and female populations, is based on a hypothetical cohort composed of people of different ages who died in a given year.

Education is considered as the ability to acquire and accumulate knowledge, to communicate, and exchange information. Literacy rate and the extent of education coverage are indicators of education. Literacy rate refers to the ability of a person to read, understand, and write a short, simple text related to everyday life. The literacy rate of the adult population, aged 15 and older, serves as a key indicator of this aspect of human development.

Living standards characterize access to material resources necessary for a decent existence, including "maintaining a healthy lifestyle, ensuring territorial and social mobility, exchanging information, and participating in society's life." Unlike longevity and education, living standards only



provide opportunities available to a person but do not determine their utilization. In other words, it is a means of expanding the possibility of choice but not the choice itself. (Adámek, Němec, 2005)

### **Integrated Measurement**

In 2009, amidst the thematically specialized and regionally differentiated use of the term "quality of life," the Report of the International Commission on the Measurement of Economic Performance and Social Progress, led by Nobel laureates Joseph Stiglitz and Amartya Sen, along with Professor Jean-Paul Fitoussi (hereafter referred to as the Stiglitz-Sen-Fitoussi report), was released. The report raises the question of the importance of shifting the focus from measuring economic production to measuring human well-being, considering the concept of sustainable development. To achieve this, the report's authors thoroughly examine existing indicators of economic activity and propose ways to improve them, identify what constitutes human well-being, and how to measure sustainable development. According to the authors of the report, "quality of life" depends on the objective living conditions of individuals, the realization of their capabilities (to live a long and healthy life, to obtain education, to live in an environmentally clean place, to be satisfied with social connections, to have a political voice, or to feel safe), and the subjective well-being of individuals. This approach can be called "integrated," as it brings together all previous approaches to the concept of "quality of life."

### **Other Measurement**

The broad interpretation of the term "quality of life" and the diversity in approaches to its usage have led to its widespread application in various life domains, being used to study different target groups (children, women, migrants, elderly people), as well as specific topics in education and healthcare. For example, there is the concept of studying the quality of life of people undergoing medical treatment (health-related quality of life), which has gained wide popularity among physicians. (Noll,2002)

Quality of life is now measured not only at the national level but also at the regional (urban) level. Among national initiatives, it is worth mentioning the Canadian Index of Wellbeing (calculated since 1994) and the Gross National Happiness (GNH) indicator - a key indicator of the Kingdom of Bhutan's five-year economic development planning program. Among the most interesting urban initiatives for studying "quality of life" are the project of the U.S. National League of Cities on "Cities in Transition," as well as projects such as the "Winnipeg Quality of Life Indicators" project, "Quality of Life in Big Cities of New Zealand," and the "Urban Indicators Program by the United Nations' Centre for Human Settlements (Habitat)."

## 2. Factors affecting the Quality of Life

The diversity in the concept of "quality of life" is conditioned by the variety of indicators. These indicators can characterize either a specific aspect of quality of life or the entirety of it. The corresponding indicators include:

- health,
- lifestyle
- emotions
- relationships
- stress levels

The concern for the future forms a special sphere of people's lives. Each of these spheres has its specific components that require qualitative assessment. When brought together into a unified system, they form a complex and extensive structure. For example, the transition to a market economy has changed the quality of work, as for the majority of the economically active population, it has become dependent on supply and demand dynamics and economic conditions. The positivity of socio-economic transformations is reflected in the fact that workers have gained greater freedom in choosing their place of work, and labour market competition has become an additional incentive for developing personal abilities and their application.

### 2.1. Health

The word "health" has its origin in ancient Greece. The original meaning of this word in Greek and Latin was "wholeness" or "completeness". Similarly to the term "quality of life", there is not just one widely accepted definition of the concept of "health". According to Matoušek (2003), health can be defined in two ways: either negatively, as the absence of physical or mental illness, or positively, as a state of physical and mental well-being in a social context, which arises from harmony between the individual and the environment. Křivohlavý (2003), on the other hand, defines health as the overall state of a person, encompassing physical, mental, social, and spiritual dimensions, enabling them to achieve optimal quality of life and simultaneously not hindering similar efforts by others.

According to Křivohlavý (2003), all definitions and theories agree on several important aspects: Health is considered an essential factor in achieving life goals, which is variable over time and ranges from positive (good health) to negative (illness).

Health is seen as one of the highest and generally highly desirable life values, taking into account its psychological, social, and spiritual dimensions.

They acknowledge a close connection with the quality of life, emphasizing personal responsibility for one's own health.

They emphasize that a variety of influences can affect the perception of health.

## **Physical Well-Being**

Traditionally, physical well-being has been defined as the absence of disease or disability. A more modern definition might also include health behaviours, such as developing effective coping strategies when faced with disease, chronic illness, and disability (Donovan and Thompson, 2002). The multifaceted and dynamic nature of physical well-being makes it difficult to measure. Objective measures such as life expectancy can provide an indication of the health of a nation. However, crude measures like these can become problematic when trying to assess the health of an individual or when comparing health within a population where there are large inequalities. Subjective measures such as self-assessed health, quality of life, and functional ability give us a greater insight. However, they too can be problematic. Self-assessed health is highly correlated with social and economic status and preconceived ideas about health and illness. Quality of life is multidimensional, and the subjective evaluation of one's health is seen as the only way to truly access one's health because it incorporates subjective assessments of the presence and severity of illness. Health is thought to be determined by an individual's comparative evaluation of their health with relevant others. These problems have resulted in an increasing emphasis on functional ability as a measure of health, rather than the presence or severity of an illness. Functional ability is seen as the ability to do and be. This too is not without its problems. The definition of normal disability-free function is unclear. People with the same chronic conditions evaluate their functional ability differently, and what the individual regards as meaningful function may not always be considered as such by others. In general, physical well-being is a highly subjective and dynamic concept that continues to defy precise definition.

## **Mental Health**

Mental health consists of emotional and cognitive well-being. It affects the way in which we feel, think, and act. It also affects how we handle stress, relate to others, and make choices. Mental wellbeing is important at every stage of life, from childhood and adolescence through to adulthood. Factors that can contribute to mental wellbeing or psychological distress are shown in a complex web model. Economic and social circumstances, as well as patterns of behaviour, can have both direct and indirect effects on mental wellbeing. For example, social class is likely to affect living conditions, which in turn affect both physical and mental wellbeing. Education can lead to better employment opportunities and likely lead to higher self-esteem. Long-term unemployment is a socioeconomic factor that has been linked to depression, feelings of powerlessness, and increased rates of suicide. It is also found that debt and financial strain can greatly affect mental wellbeing, leading to psychological complaints and substance abuse. Supportive social relationships are an essential element for good mental wellbeing. Close supportive relationships act as a buffer against adverse life events. Further to this, the culture in which we live can have an impact on mental wellbeing. Safety and freedom from violence or discrimination is important, and there are certain vulnerable groups (e.g. refugees or victims of trauma) who often experience increased rates of mental wellbeing problems. Religion has been linked to both a positive and negative impact on mental wellbeing. Whether belonging to a religious community or having spiritual faith can have a positive effect, but negative experiences with desperation or guilt can have a harmful effect.

Community and environment go on to further affect mental wellbeing, as certain social and civic participation can give a sense of purpose and identity. However, excessive hours of work that go on to cut into personal time and certain living conditions can have a negative effect. (Donovan and Thompson, 2002)

## **Chronic Illnesses**

A chronic disease is an illness that is prolonged in duration, does not often resolve spontaneously, and is usually associated with a long period of illness and disability. These types of illnesses can often have a profound effect on an individual's quality of life. According to the World Health Organization, chronic diseases are the leading cause of death and disability worldwide. This essay will examine how chronic illnesses affect a person's quality of life by looking at the psychological, social, and biological implications. This will be done by looking at how chronic illness can affect mental health, the disruption it can cause to an individual's life, both socially and in terms of lifestyle, and the biological implications of the illness. There will be a particular focus on the comparison between the implications of chronic illness and general acute illness. This being a vast topic, a group of chronic illnesses will be used to give an overall view of the implications. These illnesses are rheumatoid arthritis, cancer, and heart disease. (Donovan and Thompson, 2002)

## **2.2. Lifestyle**

It is common knowledge that the food we eat may determine our health state. There are many arguments about the criteria for a good diet, which may differ based on knowledge and awareness. Nutrition intake is important for maintaining health, with a rich or sufficient amount of all nutrients being essential for our body's needs. Macronutrients and micronutrients are essential for the body, and a lack of these nutrients may lead to certain illnesses or diseases. In fact, non-communicable diseases, with food as one of the main factors, have become a global issue. Nutritional problems are more common among the poor groups, but the highest risk is seen in the obesity problem. High energy intake and low physical activity are the main causes. Efforts to find the best way for weight control that leads to a safe method are the best ways to prevent disease.

Lifestyle comprises both home and work and is now being considered as affecting the health-related quality of life. There are many leisure activities that people may find satisfactory, but it does not mean that lifestyle is completely healthy. A healthy lifestyle is a valuable asset for any individual, with minimum risk exposure and the best access to healthcare treatment. "Clean and green" is a campaign many of us are familiar with, promoting a better quality environment that is more suitable for a healthy lifestyle. According to a survey, certain groups prefer to live in a better quality environment, and this is reflected in their health status rating. In addition, the consideration to move to a place with no risk and pollution makes the effort to live a better quality of health more relevant. (Campbell,1972)

## **Diet**

Higher rates of coronary heart disease, which is the leading cause of death in America and low- and middle-income countries. Higher availability of fast food restaurants, an increase in the consumption of soft drinks, high-glaciers, and a decrease in the consumption of fruits and vegetables. This dietary change has led to an increase in the rate of obesity, which is an independent risk factor for coronary heart disease and many other chronic diseases. There is also a higher prevalence of diets in these countries. People are now relying on convenient, pre-packaged food and drink, which are often high in sugars. Consumption of these foods is a significant factor in tooth decay and plaque formation. Frequent sugar intake throughout the day is also a major contributor to the energy imbalance that is now a global issue and is leading to people becoming overweight and obese. One other important aspect of diet is the consumption of salt. Globalization has caused processed food to become more available. These foods are often very high in salt and have led to higher blood pressure and increased rates of stroke. In Asia, for example, many people now veer away from traditional diets that are often very healthy and balanced and are now adopting Western diets that are higher in saturated fats, sugars, and processed food. This dietary change has caused detrimental effects on health. Consumption of these foods is a significant factor in tooth decay and plaque formation. Frequent sugar intake throughout the day is also a major contributor to the energy imbalance that is now a global issue and is leading to people becoming overweight and obese. One other important aspect of diet is the consumption of salt. Globalization has caused processed food to become more available. These foods are often very high in salt and have led to higher blood pressure and increased rates of stroke. In Asia, for example, many people now veer away from traditional diets that are often very healthy and balanced and are now adopting Western diets that are higher in saturated fats, sugars, and processed food. This dietary change has caused detrimental effects on health. (Campbell,1972)

## **Exercise**

Physical inactivity is associated with low fitness. Loss of muscle mass, strength, and bone density, and an increase in body fat are also direct consequences of lower physical activity. Reduced fitness with age increases the risk of various health problems with the potential to cause functional limitation, which in turn can prevent a person from engaging in enjoyable and meaningful activities. It is these effects of functional limitation and chronic conditions (e.g., pain) on a person's ability to perform tasks of everyday living that affect self-efficacy and the perception of one's health. Perception of health is one of the most important predictors of lifestyle behaviour. People are unlikely to change how they feel unless they view it as affecting their overall health. Self-efficacy and health status are both mediators of the relationship between physical activity and quality of life. Reduced fitness and the effects on body composition also have social implications on body image, sport competence, and perceptions of attractiveness.

Regular physical activity plays a crucial role in maintaining health and quality of life. Many people, by virtue of sedentary jobs or limited leisure time, have insufficient physical activity and are considered physically inactive. The World Health Organization (WHO) states that 60 to 85% of the population worldwide does not engage in enough activity. UK government statistics from 2002

state that 68% of men and 55% of women have sedentary jobs. The percentage of physically inactive people increases with age and is higher in women than men. Physical inactivity is a modifiable risk factor for many chronic conditions and is estimated to be the principal cause for around 21-25% of breast and colon cancers, 27% of diabetes, and approximately 30% of ischemic heart disease burden. (Campbell,1972)

## **Sleep**

This section aims to detail how sleep is a factor affecting the quality of life. It outlines sleep recommendations for different age groups and explains the consequences of sleep deprivation. 6 to 12 hours of sleep per night is recommended for 5-18 year olds, whilst 8.5 to 9.25 hours is recommended for adults. Despite these recommendations, it is becoming increasingly common for people to get less sleep than is recommended. In a recent poll, 61% of people in the USA said they were getting less than 8 hours of sleep a night. Common consequences of sleep deprivation are drowsiness, irritability, and lack of motivation. It can also have serious effects on your health. Sleep is when your body's repair occurs, and it can be reflected in the immune system, cardiovascular system, metabolism, and the ability to learn. It can also lead to serious health conditions such as obesity, diabetes, and heart disease. These consequences will impact mental health and overall life in a negative way. Therefore, it can be said that the effect of sleep on the quality of life is profound. A study conducted by the National Sleep Foundation found that people who rated themselves as having good health got 30-60 minutes more sleep per night than those who rated their health as poor. (Campbell,1972)

### **2.3. Emotional Factors**

Positive affect has also been linked to better immune system functioning, showing an inverse relationship with antibody titers to herpes viruses. Negative affect, or the lack of positive affect, has been specified in intervention studies as a risk factor in producing these results (Pressman & Cohen, 2005). Findings such as these strongly indicate that positive emotions have a significant impact on health, above and beyond the absence of negative emotions. This is consistent with the broaden-and-build theory, which says that positive emotions widen the scope of attention and thought-action repertoires and facilitate the building of intellectual, physical, and social resources (Fredrickson, 2001). Resilience, one outcome of the broaden-and-build process, is also seen as an important life resource, as it aids in coping with and adapting to various life situations. This process itself can be seen as a way of "upward spiralling" into higher levels of well-being and successful outcomes.

It is now clear through current literature that positive emotions clearly serve as an effective predictor of favourable life outcomes and are highly related to levels of physical health. Some specific examples of these outcomes are longevity, immune system functioning, and physical health, which are generally associated with enhanced levels of pleasure (Lyubomirsky, King, & Diener, 2005). One longitudinal study demonstrated that levels of happiness were associated with lower rates of heart disease. The study assessed the happiness levels of over 2800 older men followed over a five-year period and found that the incidence of coronary artery disease in the men

with a low happiness index was 2.8 times greater than in those with a high happiness index (Steptoe, Wardle, & Marmot, 2005). Longitudinal evidence also reveals that positive affect is a strong predictor of lower levels of re-hospitalization in those with a history of myocardial infarction (Davidson, 2002). A prospective examination of the same group of patients demonstrated that positive affect at baseline was associated with a lower rate of recurrent myocardial infarction and cardiac mortality two years later (Davidson, 2003). A meta-analysis of 35 studies across a range of participants and age groups revealed a strong negative relationship between positive affect and mortality in both community and patient samples (Chida & Steptoe, 2008).

### **Impact of Positive Emotions**

Finally, leading on from the previous theory, it is suggested that happiness can lead to more effective coping. When an individual is faced with problems or adversity, those in a happy mood have a more successful coping style and are able to mentally and physically undo or diminish the negative effects of the stressor. (Diener, Lucas 1999)

A recent study specifically showed that happy people are more likely to display prudent behaviour and make wiser judgments to improve their situation. The sample of people involved were exposed to a sad and then a happy film and then given a game to play. The individuals who were put in the happy scenario made more effective decisions in the game and readily displayed more critical thinking. This theory is empirically supported through the use of HRT (Human Reasoning and Problem Solving) having happy people or sad people recall an event and analysing the effectiveness of an individual's cognitive processes. This culminates in a conclusion that happiness induces and reinforces the learning of new skills and play and thought, which will serve as resources for future times of adversity. (Diener, Lucas 1999)

There are various ways in which emotions can affect the quality of our lives. Positive emotions such as joy, contentment, and love will give an individual a sense of well-being. The affective immunizing system (a term used to describe the body's defences against illness) is more effective in those who are happy, and those who are happy are also more likely to lead a healthy lifestyle (i.e., not smoke, not drink to excess, and be physically active), which will lead to a longer life. There is also the broaden-and-build theory – positive emotions encourage us to be more open to new ideas and ways of thinking with an open mind, and more likely to build on our skills and resources.

### **Effect of Negative Emotions**

Thus, it is patently clear that positive emotions are a very influential force on quality of life due to their enduring effects and consistent relevance across a broad range of situations. Negative emotions, however, are also very influential and have a tendency to adversely affect the life of the sufferer. It is often the case that negative emotions reduce the likelihood of positive activities taking place. This can be said for depression eating away at a person's motivation or anxiety preventing the planning and execution of a holiday. This reduction in positive activity, in turn, reduces the likelihood of environmental support and decreases resources, increasing the chances of either the problem or further negative emotion, with no improvement in sight. This will set off a downward spiral to chronic negative emotions and greatly reduced quality of life. Evidence for this effect has

been reported in longitudinal studies that involve assessment of emotional states, measurement of both activities and resources, and follow-up assessments at a later date. An example can be found in Davison and Pennebaker (1997) who report on a study of first-year students at the University of Texas. Those who reported long-term negative affect over the school year were found to have greatly reduced activities and resources compared to when first assessed, such as the maintenance of friendships and improved health, compared to the other students. (Diener, Lucas 1999)

### **Managing Emotions**

Anger is a natural emotion, something we have all experienced at some stage often caused by an insult or feeling that our status is threatened. Anger usually produces a desire to hurt or hit out. Our understanding of emotion has clear evolutionary links. Understanding why we feel the emotion and analysis of the severity of the threat, spearheaded by the work of Lazarus (1991), has the potential to lead to the desired effect and allow us to plan a constructive course of action. Lazarus (1991) has divided strategies into two types. Problem-focused strategies are used to confront the problem causing the emotion and are commonly used when situations are seen as controllable. It's been suggested that their success leads to a sense of control and consequently a positive emotion. If the situation is evaluated as non-controllable, however, emotion-focused strategies aim to regulate the emotion and are seen as less harmful to mental health. This can be used to contrast against say, venting and rumination, two common negative strategies often used with anger and consistently linked to increased intensity and duration of anger (Novaco, 1976). Due to their ability to control emotion, understanding the situation and what caused the emotion is later to lead to less use of negative strategies and a decrease in intensity and frequency of the emotion itself. This was supported in a study by (Phillips and Power, 2007), which exhibited a clear correlation between the success of understanding and a decrease in anger in the elderly. Novaco (2005) suggests that for this to be most effective, practice of the strategies in the actual situation is important, leading to a change in the habitual response. A similar type of cognitive-behavioural training has strong evidence for success in changing emotional intensity and type in people with learning disabilities (Matson and Shoemaker, 2010).

## **2.4. Relationships**

High-quality relationships contribute to a healthy life more than anything else. Money and success mean nothing without someone to share it with. This is typically the reason people seek relations with others.

In more recent times, the traditional family has been redefined, and it is now more common for children to have a step-parent. This introduces a new aspect of relationship in a family, and the child may have gained or lost a supportive relationship. (Noll,2022)

Relationships are important to our existence for several reasons. Our role as humans is primarily to reproduce, and relationships are important to achieving this goal. Many have children through marriage or similar relationships. Even if children are not involved, a relationship with someone that we mate with is needed to reproduce successfully. A man and a woman who decide to have a



child out of wedlock naturally put their child at a disadvantage because they cannot provide the same stability and support that is provided by a two-parent family, and the relationship between the parents will affect the child. Either way, children need two parents who have a good relationship to provide an example of how the child should be raised, and children raised in a stable household with two parents have shown to be more successful.

Family is a relationship between parents and children, brothers and sisters, or other extended family members. Many people consider their family the most important aspect of their life. Family relationships can be defining because it is your family who raised you and taught you how to live. Relationship can be defined in many different ways depending on the kind of relationship. Relationships are important to people who want to live a meaningful and healthy life. A relationship is a linked association between two or more people. Some common types of relationships are family, friendship, acquaintance, and romantic. For a relationship to be considered a romantic relationship, there has to be some type of intimate liking or love for another person. Another requirement for a romantic relationship can be the chemistry between the two people. This chemistry can be a physical attraction or a mental attraction. (Noll,2022)

### **Communication**

Meanwhile, communication is the cornerstone of relationships. Research finds that communication style is more important than frequency of talking with the spouse/partner, mostly with respect to satisfaction of the partner (Holt & Stone, 1988 as cited in Robinson & Westerbeek, 1992). Whereas, Gottman (1994) found that women are usually the catalyst for communication, in which they usually bring up problems whereas men stonewall. It is also suggested that women communicate to create connection whereas men communicate to solve problems. Communication is an exchange, and good communication creates a connection between couples, in which problems and solutions are talked about. In satisfied marriages, couples bring up personal concerns in a way that doesn't criticize the partner to a solution, they listen to each other and are more affectionate whereas in dissatisfying marriages, there is less problem talk where it leads to blaming, protecting oneself from the problem, stonewalling or becoming aggressive, and sometimes the solution does not match the problem and is made hastily. These styles can be attributed to personality and childhood environment and observation which has the potential to change for the better or worse. Language and the way language is spoken are important. Using soft language, humor, affection and affirmation is more likely to create connection than using harsh start ups, using language that downplays the significance of the partner's concerns, using verbal or nonverbal attacks and threats and using leave taking or disengaging from the partner (Robinson & Westerbeek, 1992). This also rings true for coping with the travesties in the relationship, in which the best outcome is achieved by talking about the problem in depth and to find a solution that is realistic and doesn't cause further problems. It is noteworthy that every relationship has its problems, and articulation and empathy can help solve the problems that tend to be a quick route to resignation. This can be used for example in couples coping with a disabled child who wish to bring the best quality of life for the child and themselves. (Noll,2022)

## **Trust**

Trust is a central part of any relationship and is an important predictor of relationship satisfaction. Trust is deemed as an interpretation primarily towards another's behaviour. It is an expectancy held by an individual that the word, promise, verbal or written statement of another can be relied on. It is also defined as a person's confidence in an exchange partner's reliability and integrity. Trust in a relationship allows for a sense of security, freedom, and a safe environment. When trust is established in a relationship, it also means that there is a level of interdependence between the partners, in that they can depend on each other to fulfil their needs, whether it is emotional or instrumental. In any relationship, it is important for needs to be met, as the failure to do so results in detrimental effects to the relationship. These needs are satisfaction/adjustment, general well-being, identity, and particular survival needs. Trust also has the ability to change a person's interpretation of an ambiguous act in a positive way. An action that might be seen as dubious if there is no trust in the relationship can be interpreted in a more positive light. For example, coming home late without letting the other partner know can be interpreted as a person being selfish and not taking into consideration the other partner. This ambiguous act could cause some tension. Now, in a different scenario, that same act can be interpreted as a person working late because they know that they will be able to satisfy their partner better in the future by getting a promotion for a pay rise. The interpretation is different because the trust is different. (Noll,2022)

## **Supportive Network**

Social support is one of the main factors that enhances the health, lifestyle, and relationships of people in a community. The definition of support is the aid or assistance provided by other individuals or family when a person encounters a problem. This helping process may be in the form of tangible assistance such as money or food, or it can be in the form of intangible assistance such as advice or listening as a platform for the person with problems to express their feelings. Among the types of groups that provide support are friends, family, neighbourhoods, co-workers, and community. Support is very crucial in determining the quality of life of an individual because in our society, no one is free from encountering problems. The support provided from the surrounding will ease the process of problem-solving and reduce the negative impact of the problems towards the person who receives the support. This is due to support acting as a mediator or a moderator to reduce the stressful life events and problems with psychological distress and negative effects on the physical health of the person. The support is like a buffer to the person who encounters a problem. For example, when a person receives bad news like having a problem with their health, good support received from the family will reduce the emotional distress of the situation and can motivate the person to find a better solution for their health. Support can also increase the well-being or quality of life of a person. The person who feels supported by the surrounding will feel that they are esteemed by others and will experience self-actualization to become a better person. The esteem support perceived by the person will lead to positive effects towards the person in terms of psychological and physical health. This is because the person feels that they are valued by others and they will try to maintain that situation in which they will avoid risky behaviour and try to have

a healthier lifestyle. High self-regard is often associated with a better lifestyle, so support has an indirect effect through the increase of self-regard and self-esteem of an individual. (Noll,2022)

## **2.5. Stress Level**

One study shows that patients with a history of stressful life have more difficulties in their relationships and are more likely to have a relapse compared to patients with less stressful lives. This is due to how the second patient still has better environmental adaptation compared to the first patient. Another research states that the successful treatment of Tuberculosis (TC) is highly affected by the patient's background of stress. In a research conducted in Malang, TC patients who have a history of family conflicts and low income are less likely to be cured compared to TC patients with a simple living. This is due to the patient's concern about the family and the lack of money to pay for TC medication costs. Stress has negative effects on mental health. Whether it is high, middle, or low stress, if a person lets this condition persist for a long time, it will cause psychological problems. People may resort to alcohol or sleeping pills to escape from stress, and the possibility of suicide is determined by the strength and endurance of that person in facing the problems. Stress is also a causative factor in various mental illnesses like depression, personality disorders, dysthymia, and other mood disorders. Steps to prevent and relieve all of these stress problems are not easy. But it is better to prevent than to heal, and the key is to have abilities and proper comprehension on how to face and solve the problems. (Clegg,2005)

Stress is very common in everyone's life. The fact is that different people have different tolerances for stress. Even though stress usually brings a negative scenario, it can also have benefits in some aspects. Through the symptoms of stress, our bodies actually force us to search for and correct the problems. Failure to look at the problems and the symptoms of stress could eventually cause an early death. Some say jeopardy meets thrills, and others say excitement meets stress. Life would not be complete without stress. Stress could be positive for some people in certain situations. For example, an employee could receive an award for their performance in the job in the form of a gift because their company had the highest income for the month. But it does not significantly enhance positive impact. Now let's talk about students taking national examinations to pass for the next level of education or find a job.

Exercise an increased pressure to perform well may cause the individual to suffer from anxiety. Anxiety is a feeling of tension and worry which is a natural response to a challenging situation. But people suffering from anxiety disorders may experience intense, prolonged and debilitating feelings of anxiety. Severe anxiety can have a huge impact on a person's quality of life as they may be overwhelmed by feelings of worry and fear, with very little respite. Anxiety disorders have a high rate of comorbidity with major depression and will often lower a person's resilience. Resilience is the ability to cope with life's ups and downs and is vital in maintaining good mental health. Depressed people will often feel an overwhelming sense of hopelessness and some will turn to substance abuse as a form of self-medication which only increases the risk of further depression. Comorbidity is the term used to describe the existence of two or more mental disorders or conditions in the same person. Anxiety and depression disorders have the highest comorbidity rate. Chronic unrelenting stress can cause the individual to suffer from what is known as a nervous breakdown. Nervous breakdown isn't actually a medical term or clinical diagnosis, but it is used to

describe a person who is in an acute state of mental distress and/or the inability to function in day to day life. In extreme cases, the person may even become suicidal or suffer from psychosis. This is a serious deficit in clear thinking and perception of reality, it is often characterized by delusions and hallucinations and can be classed as an episode of serious mental illness. (Clegg,2005)

A primary way stress is thought to affect the physical health is through increasing the allostatic load. This is at the root of several chronic diseases. Allostatic load is a wear and tear on the body which accumulates as an individual is exposed to repeated or chronic stress. The mediators of this process have been extensively reviewed and there is also a well-known pathway from stress to the development of cardiovascular disease. This begins with the impact of stress on behaviour, for example, an individual may deal with stress by smoking, drinking excessive amounts of alcohol or comfort eating. In the longer term, it may also lead to more direct physiological damage, for example, the impact of overreacting to negative stress on the autonomic and neuroendocrine systems and the direct damage from the wear and tear it puts on the body. This process is also thought to be the way that chronic stress contributes to the metabolic syndrome and type 2 diabetes. The stress pathway has been found to be independent of other lifestyle factors and the effects are still often found when other influencing variables have been controlled for. High stress and the development of depression have also been found to have an effect on the heart post MI, increasing the risk of mortality. Finally, stress has also been found to impede the immune response to infection and would be a contributory factor to stress from other diseases. All factors included, this is a very strong case for the effect of stress on the increased risk of both the development and course of many chronic diseases and poor health. Since these diseases are a leading cause of death and disability, and the cost to the health service is exceedingly high, stress therefore presents as a significant public health problem. (Clegg,2005)

### **3. Quality of working life**

With the development of the labour market, an important function of organizations is to enhance the quality of work life - the level of satisfaction of employees' personal needs through their activities in the organization.

An individual's participation in economic activity is characterized by their needs and the opportunities to satisfy them, which are primarily determined by the characteristics of human potential discussed above: health, lifestyle, emotions, relationships, stress levels. Thus, in a market economy, individuals act both as consumers of economic goods produced by organizations and as possessors of abilities, knowledge, and skills necessary for organizations, governmental, and social bodies.

#### **3.1. Quality of Working Life: Definition**

According to Hartl and Hartlová (2000): "Work is defined as physical or mental activity aimed at earning a livelihood, sustenance, and meeting needs."

As stated by Buchtová (2002,): "Work occupies an irreplaceable position in a person's life. It is a crucial condition for their dignified existence, bringing material benefits, while also providing a sense of self-realization and social usefulness. It integrates a person into the realm of social relationships, satisfies their needs for ambition, self-fulfilment, and self-respect. Thus, it serves not only in the production of goods or the provision of services, but also in the creation of social ties. Through the handling of work tasks, individuals can objectify their abilities and gain a sense of professional competence. In specific work, where knowledge, skills, and abilities are necessary, human personal identity is developed."

Quality of work life is an integral concept that comprehensively characterizes the level and degree of well-being, social, and spiritual development of individuals. (Kopelman,1985)

There are many definitions of what constitutes quality of work life. The overall goal of quality of work life as a combination of organizational conditions and practical measures is to create a satisfactory, conducive workplace for productive labour, both for ordinary employees and managers, the organization of which contributes to the production of quality goods and services. Quality of work life implies that employees are not just mindless task performers but thinking individuals, and the surrounding environment should not suppress their intellect but contribute to their development and utilization. If the employee's environment fosters this, everyone benefits: the employee, manager, buyer, client.

### **3.2. Quality of Working Life: Concept**

The concept of quality of work life (QWL) is a universal movement towards creating conditions that prevent the alienation of labour, restoring the integrity of labour and culture, and elevating individuals as independent creative personalities. (Hackman, Suttle, 1977)

According to this concept, people are considered not just as labour resources of a certain composition but in close connection with the conditions in which they can optimally realize themselves as individuals, i.e., with all conditions up to cultural, national, moral, and domestic ones. (Hackman, Suttle, 1977)

All factors are systematically studied: education, training, professional qualifications, physical and mental abilities and health, moral and spiritual values, as well as the conditions and organization of work, domestic life, and leisure.

The basis of the concept of quality of work life consists of two provisions:

Firstly, the main motivator of work should not be wages or career but satisfaction from achievements in the process of work as a result of self-realization and self-expression, i.e., in this case, moral forms of coercion to work are higher than material ones.

Secondly, it is assumed that complete self-realization and self-expression of the worker can only occur under conditions of labour democracy.

High quality of work life should be characterized by the following:

- Work should be interesting
- Workers should receive fair remuneration and recognition for their work
- The work environment should be clean, with low noise levels and good lighting
- Supervision by management should be minimal but exercised whenever necessary

- Workers should participate in decisions affecting them and their work
- Guarantees of employment and development of friendly relationships with colleagues should be provided
- Means of domestic and medical services should be provided

### 3.3. Factors Influencing the Quality of Work Life:

The concept of quality of work life formulates a set of conditions to ensure the quality of work life by Dessler (1981):

- **Interest in Work:** Work should be interesting, characterized by a high level of organization and meaningfulness of labour.
- **Safe and Healthy Working Conditions:** Work should be carried out in safe and healthy conditions.
- **Fair and Adequate Remuneration:** Workers should receive fair compensation and recognition for their work.
- **Opportunities for Professional Growth and Confidence in the Future:** Employees should have opportunities for career advancement and personal development, as well as confidence in the stability and security of their employment.
- **Dignified Employment and Legal Protection of Workers:** The workplace should provide a dignified environment for employees, with legal protections in place to safeguard their rights and interests.
- **Access to Social and Domestic Infrastructure:** Employees should have access to social and domestic facilities provided by the organization, including amenities such as medical services, recreational facilities, and other support services.
- **Social Utility of Work:** Work should have social significance and contribute positively to the broader community or society.

Improvement of the organization of work to ensure the continuous development and utilization of employees' abilities is central to the concept of quality of work life. This includes creating conditions that allow employees to continuously adapt to new production tasks arising from regular updates in equipment, technology, and production methods. Additionally, enhancing the quality of work life through enriched work content requires consideration of technological characteristics and work planning. (Dessler,1981)

The implementation of programs to reorganize working conditions contributes to improving the quality of work life by fostering job satisfaction, reducing absenteeism and turnover, and enhancing the quality of production. Their effectiveness increases when they are clear, desirable for employees, and economically viable.

Work should be carried out in safe and healthy conditions. These issues are related to the establishment of socially normative working conditions and are among the leading factors in the concept of quality of work life. Research shows that human potential cannot be fully realized if the physical and sanitary conditions of production are unfavourable and if individuals are concerned about their health and safety. (Dessler,1981)

The range of issues encompassed by the term "working conditions" is extensive, spanning from legal forms affecting work productivity to the psychophysiology of human labour activity and the design of premises and equipment that create a material environment influencing the physical, intellectual, and mental work capacity of individuals. (Dessler,1981)

Examining the quality of work life from the perspective of rational working conditions also entails the development and adherence to work and rest schedules, as well as occupational health and safety regulations. All these factors must be taken into account to create optimal conditions for effective work processes. Modern quality of work life necessarily includes psychological aspects of working conditions. This includes issues related to work discipline, techniques of rewards and punishments, combating lateness and absenteeism, and the issue of absenteeism. In this case, the creation of rational working conditions requires a psychophysiological approach.

Fair compensation for labour is considered not only a priority condition for ensuring the reproduction of the workforce but also as a factor of labour motivation, based on which higher human needs develop. There are two concepts related to compensation for labour: "fair compensation for labour," which reflects the connection between the payment for a specific type of work and the payment for other types of work, and "adequate compensation for labour," which is related to how well the income received by the worker corresponds to the accepted societal standards of living and sufficiency, as well as to individual perceptions of sufficiency. It is assumed that "adequate compensation for labour" should take into account the needs of workers and their families, as well as economic considerations determined by the level of societal development, economic conditions, the social significance of the industry, and the need to maintain a high level of employment. Recommendations for fair and adequate compensation for labour proposed within the framework of the concept of quality of work life generally orient towards a differentiated approach to remuneration for different groups of workers. (Dessler,1981)

The experience of countries with developed market economies shows that the structure of wages as the main form of remuneration largely depends on the understanding of what wage level can be considered fair. In Sweden, for example, a "solidarity wage policy" is implemented, the essence of which is expressed in the principle of "equal pay for equal work," and in practice, it leads to a reduction in the gap in wage levels. The wage policy is motivated by fairness and by the belief that small differences in wage levels could accelerate structural changes in the economy. If all organizations pay equal wages for equal work, regardless of profit levels, it means that organizations struggling financially find it difficult to survive. Therefore, unproductive business activities cease even faster than if they could compete with low wages. At the same time, highly productive organizations and industries develop even faster than when they would increase the wages of wage workers at the expense of high profits. Thus, wage solidarity policy is fair (essentially equal pay for equal work) and simultaneously contributes to faster labour productivity growth compared to a situation where wages are entirely determined by the market. (Dessler,1981)

Recognition of an employee's work by society has not only a material but also a moral and ethical aspect, which is expressed in the use of criteria such as the social utility of work as a quality of work life indicator. An employee should know that the organization they work for performs useful work for society and does so in the best possible way; otherwise, many workers lose the sense of usefulness of their work, leading to a decrease in self-respect, which in turn leads to reduced productivity. (Dessler,1981)

This concept is considered within the framework of the quality of work life because effective realization of a worker's labour potential is impossible without their professional growth:

- Providing employees with opportunities to enhance their professional qualifications, ensuring continuous updating of knowledge and skills
- Appointment to a position should be made with consideration of growth prospects, i.e., the position should involve planned qualification enhancement and retraining.
- The possibility and necessity of career advancement as a result of recognition of the employee's professional achievements by the collective, family, and society as a whole.
- The sense of confidence in the future regarding one's employment and income make an employee's work more productive, allowing for fuller realization of their labour potential. Calculations show that full employment of workers is significantly more beneficial than dismissals, reduced working hours, employee transfers, restrictions on hiring new employees, and others.

Today, workers lack a clear understanding of their future career, its formalized image. Creating such images is very important because they allow workers to more objectively evaluate themselves in the work process and make realistic demands on its organization.

The underlying premise here is the fact that there is a clear and direct connection between the quality of work life and the overall quality of life. Numerous studies conducted in developed countries with market economies show that the process of forming and developing labour potential is not limited to the place of production or education but begins in the household, during leisure time, depends on the information flow received in society, on the degree of personal civil and political freedoms, on the degree of involvement in all social and economic processes occurring in society. The experience of industrially developed countries shows that, ultimately, there is a direct connection between the quality of life, the standard of living, and the structure of consumption. Changes in the qualitative characteristics of the workforce have led to changes in the nature of personal consumption. Timely reimbursement of energy costs incurred by the body during work affects the efficiency of the individual; therefore, conditions are necessary for restoring the physical and spiritual strength of the worker and preparing them for full dedication in the production process. Changes in the conditions for reproducing the workforce in industrially developed countries have led to significant changes in the structure of consumption. In particular, such items of consumer spending as expenses on leisure, entertainment, and cultural needs have become primary, physiologically necessary. In the situation under consideration, one of the important issues is the problem of creating and using social and domestic infrastructure to support and develop the worker's ability to work. Social and domestic infrastructure can be used by the worker both individually and collectively if it is created within the organization. (Dessler,1981)

Individual use of infrastructure implies calculating such a measure as the "effective hour" of work, which is a measure of labour productivity and is functionally linked to the level of consumption. There is a certain level of "efficiency" of wages, deviations from which are disadvantageous for both entrepreneurs and workers. If wages are below the "effective level," then the worker does not have the opportunity to obtain the set of material and spiritual goods that would allow them to reproduce their ability to work at a qualitatively high level. In this case, the company should provide



the worker with the opportunity to use the social and domestic infrastructure on preferential terms. For example, large corporations provide employees with libraries, gyms, tennis courts, support various voluntary associations (sports, tourism, etc.) financially, have clinics for workers and their families on the organization's premises, organize group trips once or twice a year, covering all expenses, and so on. Companies offer a range of additional benefits when using services or purchasing housing and various goods. All these benefits are not an obligation of the company; they are considered as the company's attentive and respectful attitude towards the interests of the worker, assuming the same attitude from the worker towards the interests of the company. The level of expenditure on these purposes in communities can reach 30-35% of the wage fund. But this is not simply the company's charity; it is the same wage, only paid in a different form. Such a form of using social and domestic infrastructure allows aligning the interests of the worker with the interests of the company, which elevates the quality of work life to the level of the worker's self-development. (Dessler,1981)

The question of a dignified workplace in a person's life requires considering the impact of individual work life on other aspects of life, such as family life, relationships with friends and acquaintances, the opportunity to rest and develop spiritually and physically. For example, overtime work can negatively affect family relationships, business trips can hinder family vacations, and so on. All these negative aspects hinder the increase and rational use of free time, turning work into a burden and reducing its effectiveness. (Dessler,1981)

To eliminate these negative aspects, the development of flexible work schedules is recommended within the framework of the concept of quality of work life. The legal protection of the worker in the organization is viewed as the creation of certain guarantees against arbitrary actions by the administration: the right to privacy, freedom of speech, and so on. The administration should not collect information about the behaviour of the worker outside the organization or about the lives of their family members. The worker should have the right to openly oppose the opinions of higher-level managers without fearing persecution for criticism. The administration should conduct all affairs with workers in accordance with the law, not arbitrarily. (Dessler,1981)

An important condition for the quality of work life is the societal benefit of the work performed. The worker should know that the organization they work for is doing useful work for society and is doing it in the best possible way. Otherwise, many workers lose the sense of usefulness of their work and career, leading to a decrease in self-respect, which reduces productivity. (Dessler,1981)

### **3.4. Measurement of Work-Life Quality**

Therefore, qualitative health of life at work can be seen as an overall measure of well-being at the job not limited to health and safety or job satisfaction. This type of measure is yet to be developed and would have great utility in studies attempting to identify the antecedents and consequences of work quality as well as intervention studies designed to improve work quality. A good contribution to the development of this measure is a recent study by Grossi (2021). Using qualitative methodology, they interview Swedish psychiatric outpatients in an effort to learn about the characteristics of good and bad days that can occur at work. Ideas from these types of studies can be used to generate items for work quality of life measure. Two recent theoretical articles on work quality as it relates to stress provide a good starting point for understanding quality of work quality

life measure. Published by Warr and Clifford, they provide a framework for work quality and adult vocational development. It describes work quality in terms of characteristics of the person and characteristics of the work and describes the effects of the person-work interaction during age and developmental level. Items generated from these types of theoretical articles and qualitative studies should be validated in longitudinal studies over the period of adult life and could be used to compare work quality of different groups of people alone with evaluation interventions.

The present era is witnessing white collar jobs centred at desks with definitive job responsibility in any organization. The definition of quality of life has different meanings at different stages of life. However, it is a global concept with general consensus that it is multidimensional and encompasses physical health, mental health, level of independence, social relationship, personal beliefs, and relationship to salient features of the environment. It is defined by the World Health Organization Quality of Life Group as the individuals' perception of their position in life in the context of the culture and value systems in which they live and in relation to their goals, expectations, standards, and concerns. According to this definition, the largest body of literature on quality of life in the job context has been on job satisfaction. Although there is considerable debate on its conceptualization, it is generally agreed that it is an attitudinal variable reflecting the extent to which people like/dislike their jobs. A lesser amount of literature exists on the broader construct of quality of work life, but job quality and job well-being have been identified as key components of it. This construct is believed to be at a higher level than job satisfaction and to include both an attitudinal and a behavioural component.

There are numerous methods for assessing the quality of an employee's work life within an organization. Let's consider the following:

- A method for assessing employee satisfaction with the quality of work life, based on the Likert scale
- A method for assessing the achieved level of quality of work life for employees, based on the Harrington nomogram
- A method for assessing the quality of work life for organizational personnel by F. Herzberg

The idea of using a three-dimensional Likert scale can serve as the basis for assessing the quality of an employee's work life within an organization. This scale allows for evaluating each of the analysed employment parameters from three perspectives: "expectation" - the respondents' assessment from their standpoint, "perception" - the actual assessment of the parameter, and "importance" - the assessment of its significance. It is advisable to use a five-point scale ("completely agree" - "completely disagree") for assessing employment parameters.

The idea of using a three-dimensional Likert scale has gained wide acceptance in methods (for evaluating teaching quality, quality of educational services, and personnel labour motivation systems of various organizations), which have been sufficiently tested in practice and popularized in specialized scientific publications.

One of the main advantages of this method is its simplicity of application. According to it, each respondent is presented with a series of statements (items) requiring evaluative judgments. The simplicity lies in the fact that the respondent does not choose the evaluation criteria themselves but assesses those provided, and the calculations do not pose any particular complexity.

The shortcomings of the Likert scale lie in the uncertainty regarding the interaction between individual components of the scale. Each of them may indeed measure different aspects of the same underlying feature, and at first glance, it may seem so, but one cannot be absolutely sure about it. When using Likert scales, researchers often try to circumvent this difficulty by ensuring that there is a high degree of correlation between the scale items. However, in doing so, certain statistical assumptions regarding the measurement of correlation are often violated. When calculating the average total score, the scores of individual items are summed, and the sum is divided by the number of items. However, if one looks at the response types (i.e., "strongly agree," "agree," and so on), it is evident that they represent measurement at the ordinal level. That is, they distinguish mutually exclusive categories and rank them relative to each other. However, they do not establish known and equal intervals between them (the difference between "strongly agree" and "agree" is not always the same, whether it concerns different scale items or different respondents). Accordingly, it is meaningless and incorrect to add these numbers together, let alone average them.

The methodology for assessing the quality of an organization's personnel work life may be based on the key tenets of Herzberg's theory of job satisfaction factors:

- The process of gaining satisfaction is not identical to the process of reducing dissatisfaction; these are two different processes;
- The "satisfaction-dissatisfaction" situation is primarily influenced by factors related to job content, which have a strong motivating effect on human behaviour, considered as a group of growth needs (achievement, recognition, advancement, opportunity for professional and/or career growth, etc.);
- The "dissatisfaction-absence of dissatisfaction" process is determined by the influence of external factors, mainly related to the work environment, which provide normal, healthy working conditions and are therefore called hygiene factors;
- The division of factors into "satisfaction factors" and "dissatisfaction factors" is not absolute.

Surveyed employees, relying on self-perception, can evaluate their quality of employment in two states: 1) as "satisfaction - dissatisfaction"; 2) as "absence of dissatisfaction - dissatisfaction." If the first situation prevails, the "motivators" are dominant; if the second, then the hygiene factors predominate. This approach forms the basis of a methodology associated with identifying, based on the results of survey statistics, the level of development of each analysed parameter.

Herzberg's theory is based on the alignment of hygiene factors with physiological needs and safety needs. Herzberg believes that employees begin to pay attention to hygiene factors only when they consider their implementation inadequate or unfair.

For effective use of the theory, it is necessary to compile a list of hygiene factors and provide employees with the opportunity to determine and specify what they prefer.

Herzberg's theory does not take into account many variables that determine situations related to work motivation. To explain the mechanism of motivation, it is necessary to consider numerous aspects of people's behaviour in the process of activity and parameters of the environment.

To interpret survey statistics materials, Harrington's nomogram can be used, which is based on the idea of transforming analysed partial indicators (content and organization of employees' work; organization of training, qualification improvement, and retraining of personnel; evaluation and certification of employees; organization of the workplace; development of organizational culture; personnel incentive system; compliance with labour legislation) into a dimensionless scale of desirability, having five gradations: 1) reflects the state of "very bad" (from 0 to 0.20); 2) "bad" - from 0.21 to 0.37; 3) "satisfactory" - from 0.38 to 0.63; 4) "good" - from 0.64 to 0.80; 5) "very good" - from 0.81 to 1.00.

The level of quality of employment of the organization's personnel is determined as the weighted average of the importance of individual levels calculated for all analysed parameters.

Certainly, the presented "list of ideas" is not exhaustive. Similarly, the list of analysed parameters determining the quality of work life (employment quality) of organization employees remains open.

A kind of guideline for its formation can be the list of indicators proposed by various researchers.

Given the diversity of existing methodologies for assessing the quality of work life, there is no possibility to conduct a detailed assessment of the established level of quality of work life. The result is only a qualitative assessment of the level of QWL in gradations (high, medium, or low levels), or an assessment based on whether the respondent is satisfied or dissatisfied with the quality of work life. These methodologies are based on subjective approaches to assessing the level of QWL, meaning they do not provide an accurate picture of the actual situation in the organization.

### **3.5. The Value of Work in a Person's Life**

The value of work in a person's life is an important indicator of development within the social structure, conditions for improving the socio-psychological climate in work collectives, increasing labour productivity in organizations, as well as their competitiveness. Organizations take care of ensuring their activities with necessary human resources. In these conditions, at the level of the economy, human resource development management comes to the forefront, and at the level of individual enterprises, personnel development management, development of the resources of each individual, managing their advancement within the organization. (Kajzar, Kozubkova, 2007)

Professionalism largely determines the quality and dynamism of economic transformations not only in specific organizations but also on a societal scale. Career represents the process of professional, socio-economic development of a person, expressed in their advancement through job positions, qualifications, statuses, rewards, and recorded in a certain sequence of positions held at these levels. The need for career management is justified by its important role in the life of an individual, the activities of an organization, and also in the development of society as a whole. Competitiveness in the labour market puts the problem of improving qualifications before each individual. A person's desire to manage their career is explained by the enormous significance that a career has for their life activities. Career acts as a kind of context for a person's work life, structuring their work experience with a sequence of specific stages, thereby making professional life not just a continuous mass of actions and events but appearing as development ordered by these stages. (Kajzar, Kozubkova, 2007)

Career constructs the path of human development, bringing certainty to work life, orienting individuals in time and space, making the past, present, and expected future clear to them. Today,

an important place in the structure of modern human needs is occupied by a career, thereby influencing their satisfaction with work and life in general. A successful career provides a person with material well-being, satisfaction of their highest psychological needs such as self-realization, respect, and self-esteem, success and power, the need for development and expansion of their destiny. The desire of an individual to optimize career development through management is also associated with the peculiarities of the current situation in the development of society. Democratization contributes to creating conditions for the free self-determination, self-realization of each person, independent choice of paths of movement in the social structure, the social space of society. But this freedom breeds competition, which puts before each person the problem of their competitiveness, achieving personal success against the backdrop of outperforming others. (Kajzar, Kozubkova, 2007)

The organization is interested in managing the careers of its personnel. If for an individual, a career is development and advancement in the organizational space, then from the organization's point of view, it is primarily a question of the integrity of this space, which is particularly important for its professional-post component, i.e., organizational structure. In such an understanding of a career, properly managing the career process is of great importance for the functioning and development of the organization, serving as a factor in increasing its efficiency, a condition for its stability and viability in a changing environment, a driving force, a mechanism of its development. Career management touches upon such important issues as employee satisfaction with work in the organization and the productivity associated with it; continuity of professional experience and corporate culture; ensuring uninterrupted and rational replacement of key positions; adaptability and manoeuvrability in conditions of rapid changes in the content and division of labour, in crisis conditions. At the same time, the development of business careers of personnel in organizations is not fully developed. This, in turn, in practice, is reflected in the existence of many problems. The lack of targeted influence on the process of forming and developing business careers leads to unprofessionalism, a decrease in the efficiency of resource utilization in organizations. (Kajzar, Kozubkova, 2007)

### **3.6. The Phenomenon of "Emotional Burnout"**

In the life of a modern person, special importance is given to excessive emotional stress situations. Our time is characterized by an exceptionally rapid increase in social changes, while biological processes change slowly. The consequences of mental stress can be severe both physically and psychologically. Studies in the field of psychological ecology have shown that for some people, communication style changes during habitual work, especially under stress. Upon analysing the work of these individuals, a special form of "stress-related disease" called "communication illness" was identified. It was termed "burnout". (Stock, 2010)

In the early 1970s, American psychologist H. Freudenberger (Pešek, a další, 2016) first used the term "burnout" in connection with the analysis of demands placed on various professions, the main content of which involves interpersonal interaction. The author described this phenomenon as a deterioration in the mental and physical well-being of individuals in such professions. Research conducted in various countries shows that a special "risk group" includes teachers, healthcare

workers, artists, journalists, psychologists, lawyers, politicians, managers, service industry workers, and engineers.

The phenomenon of burnout is an acute crisis state. It is characteristic of individuals who constantly encounter the negative experiences of others and are to a greater or lesser extent personally involved in them. Burnout is characterized by mental and physical fatigue, loss of faith in one's own abilities. Its causes include internal personal conflict, acute psychological stress, acute or chronic frustration. The psychological essence of the phenomenon of burnout by Reitmayerová (2011) includes:

- mental and physical exhaustion;
- feeling of helplessness and inadequacy;
- reluctance to go to work;
- irritability and aggressiveness during conversations, a desire to end them quickly;
- feeling of the insignificance of the problems being solved;
- transferring negative emotions onto others;
- desire to leave and realize oneself in another field.

The symptoms of professional burnout indicate characteristic features of prolonged stress and mental strain, which can lead or may lead to the complete disintegration of various mental spheres, primarily emotional. (Stock, 2010)

Three types (Rothmann,2008)of burnout can be distinguished:

- Emotional "dulling" occurs, emotions lose their sharpness and sweetness of experience. Feelings towards loved ones weaken, favourite food becomes bland and tasteless.
- Conflicts with people arise. Initially, they are hidden, but then there is an "explosion" and a person vents their resentment. At the same time, innocent people become victims.
- This is the most dangerous type of burnout for society. There is a loss of values in life, and a person experiences a state of "not caring about anything." The world becomes indifferent to them.

Analysing the phases of the syndrome's development, one can notice a certain tendency: a strong dependence on work leads to complete despair. In the initial stage of syndrome development, professional activity is the main meaning in a person's life. Stock (2010) asserts that emotional burnout is a mechanism of psychological defence developed by the individual in response to the chosen psycho-traumatic influence. (Rothmann,2008)

Emotional burnout represents an acquired stereotype of emotional, often professional, behaviour. Burnout is partly a functional stereotype since it allows a person to dose and economically expend energy resources. At the same time, its dysfunctional consequences may arise when burnout negatively affects the performance of professional activities and relationships with partners. (Rothmann,2008)

## 4. Motivational Factors and Incentives for Employees of the Corporate Company

As is known, the satisfaction of one's needs is a source of personal development. In the context of transitioning to market relations, it is important to trace the influence of motivation theories based on needs on human behaviour in organizations. Motivation is understood as the process of prompting someone (an individual worker or a group) to engage in activities aimed at achieving specific goals. It is what drives a person (or group) to act and behave in a certain way. Motivation is a combination of intellectual, physiological, and psychological processes that, in specific situations, determine how decisively an individual acts and in which direction their energy is focused. Human behaviour is determined by countless motivations. Understanding motivations and needs provides the key to explaining all types of personnel activities. (Reeve, 1997)

One of the most well-known motivation theories is Abraham Maslow's hierarchy of needs theory, developed in the 1940s. The theory is based on the idea that a worker seeks to satisfy their needs, which have a hierarchical structure and can be ordered in terms of increasing importance to the individual. That is, before the need of the next level becomes the most powerful factor determining a person's behaviour, the need of a lower level must be predominantly satisfied. (Maslow,1943)

Physiological needs are associated with survival. They include the need for food, water, shelter, rest, and so on. According to Maslow's theory, a person works primarily to satisfy their physiological needs. Forms of their realization can include wages, bonuses, district allowances, benefits, and so on. (Maslow,1943)

Safety needs include the need for protection from physical and psychological dangers from the surrounding world and the assurance that physiological needs will be satisfied in the future. Their satisfaction is associated, for example, with a pension system, health insurance, stock bonuses, and so on. (Maslow,1943)

Social needs (affiliation needs) are the sense of belonging to something or someone, the feeling of social interaction, attachment, and support. Manifestations of social needs include belonging to a company, team, work collective, and feeling involved in the company's affairs. (Maslow,1943)

Esteem needs include the need for self-respect, competence, respect from others, and recognition. They are satisfied through having power over others, being consulted, having a job title, and so on. (Maslow,1943)

Self-actualization needs are the needs for realizing one's potential and personality development, which can be satisfied through career growth, the opportunity to take pride in one's work, acquiring new knowledge, improving qualifications, and so on. Since a person's potential grows with their development, self-actualization needs can never be fully satisfied, meaning the process of motivating activities through needs is endless. (Maslow,1943)

Thus, Maslow's theory helps to understand what underlies a worker's inclination to work considering changing conditions. Moreover, it follows from this theory that the more organized a person is, the higher level they occupy on the hierarchical ladder. (Maslow,1943)

## 4.1. Types of Motivation:

First of all, it is necessary to point out that motivating incentives are divided into two components - material and non-material. (Omazic,Klindzic,Vlahov,2010)

### **Material:**

- Organization of free meals within the company.
- Organization of trainings, seminars to improve the qualifications of employees. The opportunity to undergo retraining or obtain a second education.
- Memberships to fitness centres, bowling clubs, ice rinks, and other places preferred by specific employees.
- Medical services (insurance).
- Improvement of working conditions (modern computers, comfortable chairs, new printers).
- Payment of tourist trips for employees and their families.
- Discount programs for company products and services.
- Provision of interest-free loans for the purchase of apartments or expensive goods.
- Gratuitous material assistance in case of weddings or childbirth.
- Provision of company transportation or travel passes, payment of mobile phones, transportation compensation.
- Additional pension savings.
- Provision of company stock to employees.
- Gifts for birthdays and major holidays .
- Equally important are direct cash payments tied to various occasions. For example, bonuses for exceeding targets or a percentage of sales.

Material compensation can serve as a serious motivating factor in work. However, it is quite obvious that without moral recognition of the results of an employee's work, they will lack enthusiasm to achieve new career heights. At the same time, encouragement is not only about "paying" and "praising."

### **Non-material:**

- Development and implementation of corporate rules within the company. Some enterprises distribute peculiar handouts about the products to all new employees - their purpose, the main market segments. Often, it includes information about the company's mission, its advantages, prospects, information about various departments, their goals, and tasks.
- Regular reporting on the company's achievements through a corporate newspaper. Such publication helps turn the team into a large family and contributes to its unity.
- Benefits related to work schedules for certain categories of citizens - students, pensioners, young mothers who work part-time.
- Corporate holidays (company day, joint celebration of New Year, important events in the company's life).



- Honor boards for distinguished employees.
- Competitive aspect. People by nature enjoy competing with each other, regardless of whether they will be paid more for it.
- Increase in status without actual promotion, which is ideal for representatives of creative professions.
- Wall of fame.
- Development of skills in employees that they value in themselves.
- Trust in employees - delegation of authority.

It is known that the majority of employees will not do anything positive for the company if it:

- does not reflect on their salary or other material income received from the company;
- is not appreciated by those around them;
- does not improve their professional level;
- does not contribute to increasing their self-esteem.

## 4.2. Theories of Motivation.

There are numerous schools and theories of work motivation. Currently, the most relevant and promising, according to most experts, are economic, social, and psychological approaches. (Schilling,2000)

The economic approach to motivation involves the development and implementation of systems of material incentives aimed at adequately rewarding the results of work. However, as practice shows, retaining employees in a company solely through material incentives is not always successful. Firstly, no employer can constantly raise salaries and increase additional payments. Secondly, the growth of the material well-being of a highly qualified specialist at a certain stage ceases to play one of the main roles in motivating them. Therefore, for established professionals, not only increasing monetary compensation is important but also high appreciation and recognition of the significance of the results of their work. (Schilling,2000)

The social approach is based on the idea that a person, as a social being, is involved in the work process in certain groups of people and needs recognition of the results of their work. (Schilling,2000)

The psychological approach stems from the individuality of each person, their needs, values, expectations, and aspirations to realize their potential. (Schilling,2000)

The social and psychological aspects of employee motivation are closely interconnected, so it makes sense to consider them as a single system of non-material motivation tools. American sociologist Mary Parker Follett was one of the first to put forward the theory that the decisive influence on the growth of labour productivity is exerted not by material, but mainly by socio-psychological factors: "The concept of the 'economic man' has been replaced by the concept of the 'social man'. If the 'economic man', by selling his labour power, strives to gain maximum material benefit, then the 'social man' strives for recognition, self-expression, and spiritual reward." Supporters of this theory consider non-material motivation of personnel the most reliable, arguing that it allows employers not only to retain high-class specialists in situations of labour shortages and rapid growth of salaries

in the labour market but also to receive support from employees in crisis situations when financial motivation becomes impossible. The main components of non-material motivation are social policy and corporate culture. (Schilling,2000)

However, not all companies attach great importance to non-material means of motivation. The choice of tools depends on the business management model, which, in turn, depends on the market on which the company operates. Some companies operate in very cyclical markets, where products and technology do not change significantly for many years or even decades. Such companies are characterized by a classical vertical management structure. Procedures are well known and regulated. Everything is based on three "S's": structure, system, strategy. Accordingly, motivation includes only standard sets - social package, bonuses for work above the norm, and so on. In such a management system, the human factor is not so determining; the main thing is the coordinated work of employees and clearly defined rules. (Schilling,2000)

Another type of companies is turbulent ones, where changes occur almost daily. Old knowledge may even interfere with management. If in a vertical structure you can manage personnel like "puppets," here people think more themselves - the top manager only sets directions, explains, and creates favourable conditions. Such an organization is based on three "pillars": people, goal, process. Accordingly, the question of motivation arises - since employees of dynamically developing companies of a new type do not want a standardized approach, individual schemes need to be developed for maximum results, where the key principle is: "I want this to be a solution specifically for me." (Schilling,2000)

Cyclical type companies attract people who are primarily concerned with security and tranquillity. And the turbulent environment attracts those who are interested in change. In the first case, people are not very important for the company's profit. The main thing in such organizations is heavy industrial equipment, mechanisms, that is, costs for human resources are not so great compared to materials. In the second case, labour costs are extremely high - these are mostly well-paid professionals, and their contribution to the development and production of products is extremely great. (Schilling,2000)

### **4.3. Corporate Culture and Motivation**

Corporate culture is one of the most effective means of attracting and motivating employees. It encourages people to perform certain actions and maintain existing norms.

From the perspective of a motivational tool, corporate culture is a set of elements designed to ensure employee motivation without any additional financial payments, creating a favourable working environment. The task of organizational (corporate) culture is to create a "team" within the organization, forming a unified comprehensive style in the actions of all its employees. (Cameron and Quinn, 2006)

Corporate culture determines the attitude of personnel towards work, clients, colleagues, management, and other aspects that directly affect the success of the organization. We see that corporate culture can be used as a factor in increasing the competitiveness of an organization. In other words, corporate culture can be a tool for personnel management. It is worth noting that this is possible only when corporate culture is deliberately formed and/or maintained.

How does corporate culture relate to motivation? It is known that organizational culture exists in two systems: formal (instructions, rules of conduct, etc., which are documented) and informal (values, a set of unwritten rules, traditions, etc.). The informal system has a greater influence on the nature of corporate culture. However, the informal system is not manageable and does not depend on administrative decisions. Therefore, the formation of corporate culture is a process that begins with defining the organization's mission and determining its basic values. Based on these core values, standards of behaviour for members of the organization, traditions, and symbolism are formulated. And it is precisely on the basis of core values that the motivation program is formed. Thus, corporate culture as a management tool is aimed at making the employee's interest in acting in a certain way their "blood interest." In this regard, there is no need for constant external regulation of employee behaviour. (Cameron and Quinn, 2006)

Employee motivation driven by corporate culture is a higher-level motivation than that which can be created using other management tools. "The use of these tools in the absence of internal value-based motivation in the minds of employees can be much less effective than if the application of these tools is accompanied by targeted work on shaping values, priorities, and principles."

Corporate culture includes four main structural elements: the vision (philosophy) of the organization, the system of dominant values, norms and rules of behaviour, and, finally, procedures and behavioural rituals accepted in the organization.

The vision (philosophy) of the organization explains the reason for its existence, its social status, the nature of its relationships with the external environment and employees. Vision is a good motivator for employees, especially in large decentralized organizations; it helps to unite and direct people's activities in one direction. The vision does not emphasize the desire of commercial organizations to make a profit; it unites the individual ideals of all participants in the organization into a single standard of values. In addition, the vision creates a sense of perspective in the organization's activities, ensuring the continuity of successive goals. (Cameron and Quinn, 2006)

The vision of a specific organization should be like:

- The vision must be inspiring. It should be captivating and paint a picture of what is truly worth striving for. The vision should contain an element of challenge (to external circumstances, competitors, oneself).
- The vision should be simple - like a memory or an image. The vision should be describable in a few sentences.
- The vision should be sincere.
- It should be realistic and trustworthy.

Employees should find their place in the vision - clearly understand their own contribution to its realization. The most important goal of the vision is to give meaning to work and, consequently, motivate organization employees. However, the vision is the least clear guide in the organization's activities compared to other quantitatively defined goals (such as profit size, turnover, etc.). (Robbins St, 2001)

The second structural element of organizational culture is the set of dominant values that management and most employees adhere to when making management decisions. Values determine the nature of the goals set before the organization by its leaders, as well as their reaction

to changes, including in extreme (crisis) situations. The expression of the vision, as well as the basic values of the organization, is usually the organizational creed.

The third structural element of organizational culture is norms and rules of behaviour that the organization adheres to in its relationships with employees and the external environment. Shared by all employees, these norms allow the organization to constantly achieve its goals, and a certain type of relationship within the organization forms its moral and psychological climate, which determines the type of employees who will work in it. (Robbins St, 2001)

It is interesting to note that norms and rules of behaviour adopted in the organization, in some cases, orient employees towards fulfilling requirements that are more stringent than those provided by state laws, prioritizing intra-organizational requirements.

Through developed principles of activity and informal rules, organizational culture indicates desirable employee behaviour within the organization and the organization itself in the external environment, creating a common scale for evaluating the results of personnel activities. Hence, the development of behavioural norms and rituals becomes logical. They are a material continuation of the above elements of corporate culture. (Robbins St, 2001)

It is necessary to think over the system of changes in knowledge - training programs, stages of dissemination of new instructions, options for introducing new lifestyle standards within the organization. At the same time, usually, much more time is spent on accepting changes introduced from the outside than on adapting to changes associated with the general trend of company development.

Another important element of corporate culture that influences employee motivation is the mission.

The mission has become one of the leading moral motivations; it must be "sold" to the company's employees by management. And then the mission becomes one of the leading moral motivations in a firm that unites personnel of different levels into a single team, forming and strengthening corporate spirit, and so on. (Robbins St, 2001)

When introducing innovations, the mission can serve as a "common denominator" for bringing all changes together. At the same time, the more diverse innovations are grouped under the flag of mission compliance, the faster the desired result is achieved, which can be formulated as follows: over time, employees will develop an associative series: change = mission compliance = any proposed change corresponds to mission goals, and therefore should be accepted as guidance for action. In other words, the mission begins to act as internal motivation for accepting innovations. (Akerlof, Kranton, 2005)

In the organization, there is an opportunity to deliberately strengthen employee motivation through group influence. It is known that any evaluation, whether positive or negative, in a public situation is perceived much more seriously and strongly.

According to one of the authors... "employees are motivated when they receive recognition from people who are part of our reference group, i.e., those whose opinion matters to us. Therefore, employee motivation in the organization implies influencing them through the collective and group norms." (Akerlof, Kranton, 2005)

It is necessary to understand that different people have different degrees of dependence on group norms, as well as a need for belonging to a team. However, there are regularities that should be taken into account:

- The greater the tendency towards external assessment and the need for support from others, the more dependent a person is on the group, needs to belong to it, and approval.
- The more often the influence of the "law - it is customary" is used (and leads to success), the greater the influence of group norms and values on the employee.
- If it is found during the selection of an employee that his values almost completely coincide with those existing in the group, his inclusion in teamwork and the influence of group values on him will be more effective.
- If the employee's motivators include "atmosphere", "collective", "team", and similar ones, this indicates a fairly high degree of influence that can be exerted on the employee through group values, norms, and assessments.

Creating a motivation system based on corporate culture occurs as follows: defining the organization's mission, basic values; formulating standards of behaviour for members of the organization; forming organization traditions; developing symbolism. (Akerlof, Kranton, 2005)

# **ANALYTICAL PART**

# 5. Working Life of Employees of the Corporate Company

## 5.1. The Concept of Corporate Culture

The concept of corporate culture encompasses the values, traditions, and standards of behaviour of employees within a company. For example, the end and completion time of the workday, dress code, lunch duration, standards of communication with partners and clients are all elements of corporate culture. Together, they make each company unique and influence its image, employee engagement, and economic performance. Rules of corporate and organizational culture may be formalized in an official document or be informal and upheld by the team. (Brinkman,1999)

The main elements of corporate culture are:

- **Team:** Without people who share the company's values, there will be no corporate culture in the organization.
- **Company mission and values:** The mission is the intangible benefit that the company wants to bring to society. Values are the rules and principles that all employees adhere to when communicating with each other, clients, and partners.
- **Workplace behaviour rules:** Regulate restrictions and traditions for all team members, such as strict work schedules, 40-minute lunch breaks, and penalties for tardiness.
- **Corporate symbolism:** Slogan, anthem, logo, corporate identity.

Elements of corporate culture such as mission, values, and logo are directed towards the external environment. For example, companies publish them openly on their website.

### Main Functions of Corporate Culture:

#### **Creates and maintains the organization's image:**

A well-developed corporate culture helps create a positive image and attractiveness for the external audience: future clients and employees. For example, in job vacancy announcements, companies often indicate their corporate benefits: free training, entertainment events, own library, informal communication. (Degot,2016)

#### **Engages employees :**

For many organizations, it is important for every employee to participate in the life of the company because it increases labour productivity and business profitability. To engage employees, non-material motivation tools are often used, such as constructive feedback, meetings of top managers with the team, business breakfasts with management for the best employees. (Degot,2016)

#### **Motivates staff :**

Employees need to be inspired to perform tasks, achieve goals, and offer new ideas. Motivation for this can be competitive wages or non-material instruments, such as opportunities for career growth and self-realization. (Degot,2016)

**Manages the team:**

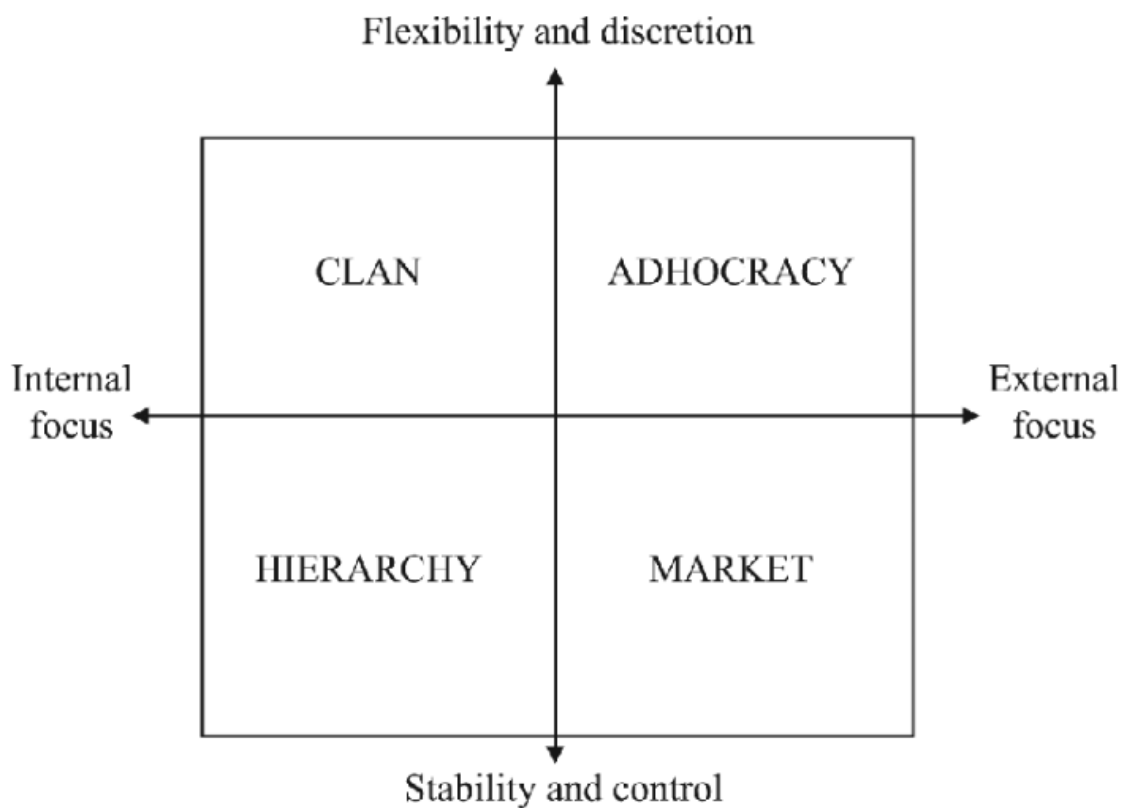
Thanks to this function of corporate culture, norms and rules of team management, departments, and the entire company are formed, which make the work systematic and orderly. These norms include dress code, addressing each other informally, weekly meetings in each department, penalties for lateness, or regulated lunchtime. (Degot,2016)

**Aids adaptation:**

New employees find it easier to adapt to the team, and new clients— to embrace the company's values. For example, newcomers get acquainted with the rules, traditions, and colleagues with the help of a chatbot, and partners are invited on tours to the company. (Degot,2016)

## 5.2. Types of Corporate Culture

The concept of corporate culture began to be studied in the second half of the 20th century. It was then that various classifications began to appear. One of them was developed by American researchers Kim Cameron and Robert Quinn (1999). Their classification is based on "competing values": flexibility versus stability and external focus versus internal focus. Cameron and Quinn identified four types of corporate culture.



Source: Cameron and Quinn 1999.



## **Clan(Family)**

For companies with a clan corporate culture, a friendly atmosphere and care for employees are important. Usually, in such organizations, there are close-knit teams and strict but caring leaders. Employees are committed to the common cause and are not going to leave the company. Clan corporate culture is usually formed in companies that work with clients: in retail or service industries. An example of a business with a clan corporate culture is Zoom. The company has a "happiness team" consisting of employees from different departments. They organize contests and events, help new employees adapt. Also, at Zoom, you can bring your loved ones, such as spouses or children, to introduce them to colleagues.

### **Pros:**

- Comfortable working and leisure environment for the team.
- All employees are involved in the process, which positively affects productivity.

### **Cons:**

- "Family" relationships are more difficult to maintain as the business grows.
- Unclear career advancement prospects: promotions are based not on work results but on personal connections.

## **Hierarchical (Bureaucratic)**

This type of corporate culture is characteristic of companies with a clearly defined structure, prescribed rules, and processes for interaction between employees, clients, and partners. Usually, in such organizations, strict dress codes and work schedules are followed, and all issues are resolved strictly according to hierarchy: ordinary employee → deputy department head → department head and so on. The introduction of corporate culture usually comes from the top, and employee opinions and moods are not always taken into account. An example of hierarchical corporate culture is found in the Ford company. Its founder, Henry Ford, believed that every employee should start their career from the bottom, regardless of previous experience, and all employees should be closely monitored. According to him, this is the only way to achieve stable results.

### **Pros:**

- The organization has clear goals, and all processes are aimed at achieving them.
- Employees know exactly what is expected of them by management, so they feel secure.

### **Cons:**

- Processes and regulations are prioritized, so decisions are made slowly.
- Non-standard thinking is not welcomed, so the company develops slowly.

## **Adhocracy**

Adhocracy is a variant of organizational structure with a flexible approach. In adhocracy, there is no hierarchy, formalism, or bureaucracy, and employees' initiative, creativity, and ability to adapt quickly to new conditions are valued. Adhocratic corporate culture is typical for companies that value leading positions in rankings, opinions of potential clients, and partners.

Examples of companies with such a culture are Google and Apple. For example, Google is a rapidly developing company, so it is important and valuable for employees to be able to make quick decisions and easily engage in new work tasks.

**Pros:**

- Employees can take risks and propose unconventional ideas, getting involved in processes. This leads to rapid company development and a high level of team motivation.
- The company invests in the professional development of its specialists.

**Cons:**

- At the very beginning of the company's operation, it is unknown which idea will succeed, so there is no stability.
- High competition among employees, which can lead to burnout.

**Market**

This corporate culture is focused on the company's performance indicators: market share, size of the customer base, consumer trust level. The main value is achieving the company's goals and increasing profitability. To achieve this, employees are regularly trained and given opportunities to earn more.

Market-oriented corporate culture is characteristic of companies that want to be leaders in the market. For example, former CEO of General Electric, Jack Welch, acted tough: he divided all employees into three categories and fired those who, from his point of view, were unproductive and did not share the company's values. Instead, Welch attracted interested and professional specialists who contributed to the rapid development and leadership of GE in the market.

**Pros:**

- Employees are involved in all processes and work with enthusiasm.
- Companies with a market-oriented approach to corporate culture are successful and profitable.

**Cons:**

- To achieve set goals, employees work tirelessly and burn out.
- High competition among team members leads to conflicts and high turnover.

There is no good or bad corporate culture. A company may have one predominant type or a symbiosis of several.

**Pros and cons of corporate culture system**

Dependence of corporate culture on company management Usually, corporate culture is formed "from above" — based on the experience, beliefs, and values of the founders and managers of the company. However, sometimes employees do not share these values and do not accept existing principles, rules, and traditions. Such opposition can lead to conflicts and high employee turnover. (Baker, Gibbons, Murphy, 2002)

Corporate culture can change It is impossible to create a system of corporate culture once and for all. As a company grows, its values and priorities may change, along with its approach to corporate

culture. For example, at the start of a business selling farm products through an online store, there was a clan corporate culture. Gradually, new processes emerged, the company grew and changed, so it was necessary to change the corporate culture, hence the transition to adhocratic. (Baker, Gibbons, Murphy, 2002)

No two corporate cultures are alike Sometimes leaders apply the experience in shaping corporate culture that they used in another company, and it turned out to be positive. However, in a new company, even from a similar sphere, there is a different team, tasks, and processes, which means that corporate culture needs to be built taking into account their specific features. (Baker, Gibbons, Murphy, 2002)

## **6. Johnson&Johnson Overview**

### **History**

Founded in 1866 as a family business, Johnson & Johnson now has over 130,000 employees in 60 countries worldwide. What started off as a small, three-person business, the company has now expanded across the globe and was named a “2017 Fortune’s Most Admired Company”. This success can be attributed to Johnson & Johnson’s Strategic Framework, which is at the root of all decision-making. The company’s Strategic Framework is comprised of three main components: The Foundation, Strategic Principles, and Growth Drivers. All three sections of the Strategic Framework include insight into Johnson & Johnson’s Management Approach, which guides the company’s philosophy for continuous success. The Foundation includes the Credo, which establishes the values incorporated into the decision-making process. The Credo can be seen in every single office and corner of Johnson & Johnson facilities The Credo is a reminder of the standards that are upheld in correspondence with the company’s aspirations. The Strategic Principles include the company’s organizational approach, which is a decentralized structure in management for the long term. Lastly, the Growth Drivers are the areas of focus for growth and innovation, which include the Leadership Imperatives of Connect, Shape, Lead, and Deliver. These four Leadership Imperatives are considered the “4 Pillars” of Johnson & Johnson and are the main attributes the company looks for when seeking employment. The company is leadership-driven and needs leaders of employees to act as such. These three components support why Johnson & Johnson’s Strategic Framework is at the core of the business’ continued success for the past 130 years. (JnJ website,2024)

### **Mission and Vision**

The mission of Johnson & Johnson is to, “Make diversity & inclusion how we work every day”. The purpose of a mission statement is to outline the foundation of the company’s goals and objectives. This mission is supported by the company’s vision of, “Be yourself, change the world”. Johnson & Johnson’s vision is a broader representation of where the firm plans to go in the future. These two statements validate why the company is listed as #16 of “The Happiest Companies to Work For in 2017”. Johnson & Johnson aspires to bring in natural-born leaders who are comfortable being themselves across a multitude of diverse backgrounds. Being comprised of 130,000 employees, the

company wants to advance its unique culture to “spark solutions that create a better, healthier, world”. According to Forbes Patrick Hull, there are 4 essential questions that need to be answered in a mission statement. These four questions include the what, how, whom, and value brought. Johnson & Johnson’s mission is lacking half of these qualities because of how short and simple its statement is. The statement includes the what- diversity, and the value- inclusion; however, the statement does not go into the how or whom it addresses. Yet, one can imply the “how “by working across a range of diverse nations and the “whom” by those included in The Credo (patients, employees, communities, and shareholders). The statement is clear and concise but requires more implications than other traditional missions.

Johnson & Johnson is a company that is constantly pursuing its mission. This can be seen in its “Health for Humanity 2020 Goals”. The company’s “Health for Humanity 2020 Goals” are 15 goals that should be completed in a 5-year term to make “the places we live and work in healthier” across the world. These objectives are already being completed as seen in making and donating more than 160 million doses of medicine to children in underprivileged communities. These actions support the company’s mission by providing medicine to various societies and prioritizing physical well-being. The company’s mission, vision, and goals for 2020 align with The Foundation of the Strategic Framework, by always putting the people first. (JnJ website,2024)

### **Form of Organization**

Johnson & Johnson converted from a private to a public corporation in 1944. Converting to a public corporation gave its shareholders and the public more visibility to the operations of the firm. Johnson & Johnson’s information can now be viewed on sources such as the NYSE. According to Zacks Investment Research, “being publicly traded is a two-edged sword”. This statement is due to the visibility that can put the company at a higher risk of failure exposure. If operations are not going as well as planned, this could reflect negatively in the company’s annual report and be used to a competitors’ advantage. Disclosing information that private firms are not required to do can have its perks as well as its downfalls. Shareholders appreciate the creditability as it allows them to access their day-to-day return, but this can also be put into a negative perspective if their return happens to plummet. Fortunately, Johnson & Johnson has had a consistent dividend growth for 55 years, which helps ensure its 2,419 shareholders (valued at \$236 billion) that the company is in constant growth.

Besides being publicly traded, there are also advantages and disadvantages to being a corporation. The top three advantages of a corporation include limited liability, the ability to raise more money for investment, and size. Johnson & Johnson optimizes its limited liability and size capacity. Having limited liability is crucial for a large corporation like Johnson & Johnson. Since the company is in the consumer, pharmaceutical, and medical devices markets, it is vital for its owners to have limited losses in the company. This extra protection for its owners is extremely necessary right now with the issuance of lawsuit claims against the company for as much as \$417 million. If the owners were liable for all the losses exceeding their investment, the owners may be entirely wiped out by now. Not only could this include the owners’ investment in the company, but it could also include their houses, cars, retirement funds, etc. Johnson & Johnson also leverages its size against competitors

in its markets. Since the firm is so massive, it can accumulate enough profit and power every year to invest, acquire, and grow assets in the company.

On the other hand, the top three disadvantages of a corporation include extensive paperwork, double taxation, and difficulty of termination. Johnson & Johnson's most evident disadvantages are double taxation and difficulty of termination. Since the company is a corporation, it is required to pay taxes twice: first, before it can distribute its income as dividends, and second, once the shareholders receive the dividends. Double taxation decreases the original net income that the firm annually earns. However, Johnson & Johnson acquires enough income to steadily grow every year, even with being taxed twice. It is almost impossible for the company to terminate now that it has expanded worldwide. The main downfall of impossible termination is if the company goes into large sums of debt, and ends up abandoning its employees as a result. The closing of the company would devastatingly leave over 130,000 people unemployed. Therefore, the firm needs to ensure profitable growth every year. Luckily, bankruptcy should not be a problem for Johnson & Johnson anytime soon, as it is currently one of the two AAA-rated companies in the United States for exceptional credit. Understanding the advantages and overcoming the disadvantages of being a corporation is why Johnson & Johnson has been so successful the past 130 years. The execution of its organizational form corresponds with the Strategic Principles in the Strategic Framework by managing for the long term.

### **Organization Size and Scope**

The most recent data of 2017 Second-Quarter Results details Johnson & Johnson to currently have approximately 132,500 employees. These 132,500 employees are distributed among 250 different operating units with over a dozen research facilities in North America, Europe, Asia, and the Middle East, to touch the lives of over a billion people every day, throughout the world. The company operates on a multi-divisional organizational structure, which is the most common organizational structure of large companies with multiple business units. The 250 operating units are restructured to incorporate leadership designed for each facility. A multi-divisional structure is the best way for Johnson & Johnson to maximize return and results, as the appropriate leadership can focus its expertise on its specific segments and business lines within the company. (Zacks,2019)

Johnson & Johnson accumulated \$18.8 billion in sales for Q2 which is up 1.9% versus a year ago. The \$18.8 billion sales were broken down by \$3.5 billion in consumer, \$8.6 billion in pharmaceutical, and \$6.7 billion in medical devices. The annual sales revenue of Johnson & Johnson in 2016 was \$71.94 billion, and the company is projected to surpass this revenue at \$76.1 billion by the end of 2017. The company utilizes its size and scope capacity to extend its services to the rest of the world, which resembles the Connect and Lead of the Growth Drivers in Johnson & Johnson's Strategic Framework by being a leading provider in the consumer health, pharmaceutical, and medical devices industries. (Zacks,2019)

## **6.1. Operations**

One crucial element to a successful business is executing proper operational activities. Johnson & Johnson has recently extended its company base to include Supply Chain Management. For

example, less than one year ago the Supply Chain Team in Buffalo Grove for major retailer Walgreens Co. started out as a two-person team. Within one year, the team now has over ten members and plans to grow by the year. Supply Chain now makes up 45% of employees working for Johnson & Johnson. Supply Chain has become crucially important to Johnson & Johnson's Strategic Framework in the Foundation of the Credo. It is essential for the firm to not only allocate its resources efficiently but also environmentally friendly. Given a highly competitive atmosphere, Johnson & Johnson wants to advance its company with eco-friendly sustainability, which provides aid to the community aspect of the Credo. (Lindenwood Research,2018)

For Johnson & Johnson to provide eco-friendly resource measures, the company must sustain proper inventory management. One tactic the company uses to handle its inventory is the FIFO valuation method. Johnson & Johnson implements a "first-in, first-out" inventory management approach to ensure proper product chain allocation. This means that the first goods purchased are the first ones sold. The advantage of this method is it reduces the risk of items becoming obsolete or outdated. Since Johnson & Johnson manufactures thousands of products with expiration dates, it is important for the company to use this resource measure when managing its inventory.

When the company produces its primary products, it also tries to implement end-to-end supply chain optimization. The end-to-end tool is used to eliminate as many "middle layers" as possible to increase efficiency and costs. The company is partnered with approximately 80,000 suppliers, broken down into 30 categories and grouped into 5 families. Johnson & Johnson has enrolled in the "Sustainable Procurement Program" to focus on supplier efficiency with regulatory system assessments. The hope for the company is to become as efficient, effective, and eco-friendly as possible. In 2016, 58% of packaging, 46% of marketing materials, and 61% of furniture were derived from forest materials. (Lindenwood Research,2018)

Johnson & Johnson's resource process begins with obtaining the raw materials and components needed for product configuration by outsourcing from one of its 80,000 suppliers. Once the materials are received, the product is created by one of its manufacturing plants worldwide. The product is sorted in a case, that is then put with others onto a pallet. The pallet is then shipped by truck, boat, or airplane to one of the major 14 distribution centers. From the distribution center, the product's case is pulled from the pallet and then shipped to the customer warehouse distribution center. The customer distribution center then receives the products and ships them to the appropriate store locations, which finally sells the product to the end consumer.

As an example, Johnson & Johnson sources its raw materials for its 8 Hour Tylenol 24 count pack from its supplier, produces the pack at its manufacturing plant in Puerto Rico, then ships by boat or airfreight to its three major US consumer distribution centers located in Tobyhanna PA, Mooresville IN, and Fontana CA. The distribution center then sends the product to Walgreens' two distribution centers located in Woodland CA and Marino Valley CA. Walgreens' warehouse distribution centers further ship the product by truck to its brick and mortar store locations nationwide. The distribution center the product ships from is dependent on its proximity to the retail store. Once receiving the product from the closest geographical warehouse distribution center, the store places the product on the shelf, for a Walgreens customer to purchase. (Lindenwood Research,2018)

## 6.2. Organizational Structure

Since the company has vastly widened geographically to 250 different operating units, it makes sense for Johnson & Johnson to delegate more freedom to its managers and employees in each unit. Johnson & Johnson's facilities incorporate a decentralized structure with more empowerment for its workers in various levels of management. Implementing a decentralized structure allows each operating unit to adapt to the needs of the people in each differing location. In a decentralized structure, authority is delegated down the organizational chain. Since Johnson & Johnson is so massive with over 130,000 employees, the pyramidal structure is also quite tall. Having a tall organizational structure means that there are various levels of management and reporting relationships. Generally tall, decentralized structures are inefficient because of the lack of communication across multiple segments and levels. However, Johnson & Johnson is one of the few large companies that has used this structure to its advantage by adapting to the local needs in proximity to each operating unit. The company's diversified organizational structure is affiliated with the Strategic Principles of Johnson & Johnson's Strategic Framework of a long-term decentralized organizational approach. (Lindenwood Research,2018)

The two main advantages of a decentralized structure include higher morale and faster decision-making. Imagine if a low-level manager had to ask its boss' boss' boss' boss for approval on a decision. Increasing empowerment in its various levels of employees improves time management and provides employees with higher levels of satisfaction. The two main disadvantages of a decentralized structure include less top-management control and a weakened corporate image. However, these two disadvantages are in fact advantages for Johnson & Johnson as the company leverages its decentralized structure for a happier working environment which increases its corporate image to the public. It can also be assumed that Alex Gorsky, CEO of Johnson & Johnson, does not want nor has the time capacity to oversee 130,000 employees on his own. Instead, the decentralized structure includes multiple operating units that have different functional and divisional groups within. (Lindenwood Research,2018)

For example, the Customer Focused Team in Buffalo Grove IL, is divided between Health & Wellness and Beauty & Personal Care. Within each division, there are different functions and responsibilities for each employee. Both divisions have Customer Development Managers that oversee specific brand lines, as well as Supply Chain Representatives that have the task of managing inventory allocation for specific brand lines.

## 6.3. Financial Condition

Johnson & Johnson is labeled as one of, "The 10 Most Profitable American Companies in the Fortune 500". For a company to be profitable, it must sustain substantial cash flow. One of the most relevant indicators of wealth in financial statements is the statement of cash flows. Johnson & Johnson's statement of cash flows provides crucial insight into the success of the company's profitability. The statement of cash flows is segmented by operating, investing, and financing activities. Currently for Q2 2017, Johnson & Johnson has \$5.77 billion, -\$12.25 billion, and -\$1.92 billion in operating, investing, and financing activities, respectively. These numbers in Q2 2016,

were \$4.99 billion, \$1.32 billion, and -\$1.46 billion in operating, investing, and financing activities, respectively. When comparing the differing activities, the operating and financing segments seem relatively similar to the prior year. However, there is a huge difference between Q2 2017 investing activities (-\$12.25 billion) versus prior Q2 2016 investing activities (\$1.32 billion). This can be explained by Johnson & Johnson's quarterly report. In Q2 2017, Johnson & Johnson finalized the acquisition of Actelion Ltd. for \$30 billion in cash. The acquisition of a leading biopharmaceutical company such as Actelion Ltd. is substantial compared to the prior-year acquisition of Vogue International LLC for \$3.3 billion in cash. (Lindenwood Research,2018)

Both purchases appear in the investing activities section under the statement of cash flows. The range of purchases is the main reason behind the difference in investing activities versus the prior year. Nevertheless, this is not a bad sign to be negative in investing activities. In fact, it is a positive sign to see a negative in the investing portion of the statement of cash flows because growing companies spend increased amounts of money on new assets. In this case, Johnson & Johnson bought out Actelion, which is an immense contribution to the company's assets. For a company to grow substantially, it must acquire more power and ownership in the market. In this case, Johnson & Johnson acquired a much larger company this quarter versus the prior year which will propel growth and profit in the future.

In regard to the other two sections of the statement of cash flows with operating and financing activities, there is not a significant difference between the two quarters. Both sections indicate positive, stable growth for the company. The operating activities increased by \$.78 billion versus the prior year. It is always a good sign for the company to attain positive operating activities. This data showcases that Johnson & Johnson is making money off its goods and services. The increase can be explained by new technology and the entrants of new products. In Q2 2017, new products DARZALEX® (daratumumab) and IMBRUVICA® experienced rapid growth, resulting in the increase of operating activities for the quarter. On the other hand, financing activities can fluctuate on positivity versus negativity. The company's financing activities of Q2 2017 are similar to Q2 2016 in the respect of both requiring the payment of cash dividends and the repurchase of common and preferred stock. This payment and repurchase allow Johnson & Johnson to diminish its debt and advance capital. Having sustainable flows of cash corresponds to Deliver of the Growth Drivers in the Strategic Framework by delivering the best results and maintaining a stable statement of cash flows. (Lindenwood Research,2018)



## **7. Analysis of the Quality of Working Life for Johnson&Johnson**

Johnson & Johnson is the world's largest and most diverse healthcare company. They are renowned for their product innovation and have more than 250 operating companies in 60 countries. Their main focus is to help people live healthier lives and make a meaningful difference in the quality of working life for their employees worldwide.

Johnson & Johnson has undergone a number of organisational changes through the years. With the changes, it is inevitable that the company culture, the career development, the benefits for the employees and the quality of work life of employees might be affected. A research through the years shows that Johnson & Johnson had not much of problem with QWL and that it still maintains an exemplary position as company with best QWL. However, it is important that J&J monitors the QWL of its employees to ensure that they consistently have an enjoyable work life. This is important because QWL has a distinct impact on the job and also as a predictor of mental and physical well-being of an individual. The outcomes of good QWL are beneficial to the company in long run as it reflects the attitudes of the employees towards their work, productivity, better products and services and thereon to the betterment of J&J itself. (Perrielo,2018)

Johnson & Johnson (J&J) is a US multinational company that is esteemed to be the world-leading consumer health company, the medical devices and diagnostics company, and the pharmaceuticals and biotech company. The company's major focus is to generate the best health facilities in all the related fields worldwide. The fields include the improvement of the quality of life by preventing diseases, enhancing overall status of health, and alleviation and potential cure to the suffering. The focus also includes the provision of a continuum of healing with an integrated medical and preventive supports. With the inception of these health ideals, an articulated customer value in distinction of the product and the best contemporary healthcare is ultimately sought. However, the best would be done for the future of its caring customers, its employees and shareholders and for the future of the company.

Johnson & Johnson has already recognized these detrimental health effects in much of its work and has shown initiative by improving the employee health environment in high-risk health areas. Johnson & Johnson has shown a clear history of taking care of its employees' health, and the safety and prevention of occupational health and disease are very much interconnected with the quality of work life. Task-related injury has been a focus in health and safety, but Johnson & Johnson can further protect its workers by assessing and changing the at-risk working conditions which may be worsening employee health. This may also save Johnson & Johnson millions in employee healthcare costs and further prevent productivity losses due to sick employees. (Perrielo,2018)

## **7.1. Social Activities at JnJ**

At JnJ, social activities are regarded as an important form of team-building, bringing colleagues together and often integrating families with employees. Such events are also viewed as a means to unwind, promoting work-life harmony. They include annual dinner and dance parties, family days, family nights, and department outings. The annual dinner and dance party is an anticipated event, often held at prestigious hotels with lavish themes, a myriad of entertainment, and attractive lucky draw prizes. This event is often oversubscribed and employees ballot for tickets. Commendable mention goes to the annual family nights, whereby employees leave work early for an evening of fun with their families at the JnJ premises. Activities include stage games, arts and crafts, and refreshments at the food bazaar. There are also department outings which are organized by individual departments, and comprise of a variety of activities ranging from picnics to paintball. These activities are funded by the Social Club, where employees pay a nominal fee to join the club and enjoy various subsidized activities throughout the year. Other activities include participation in external sports events such as dragon boat racing or bowling, and 'ad hoc' activities spearheaded by employees, a recent one being an indoor soccer team. These sports activities are an excellent way for employees to keep fit, and to foster team spirit between employees and management. Throughout the year, it is clear that the social calendar offers something to suit everyone. (Perrielo,2018)

### **Team-Building Events**

Team-building events occur at JnJ and are generally decided upon by individual departments or a group of departments. The HR/Legal & Compliance department coordinates a team-building event twice each year that includes all employees within the department. Past events have included formal dinners at a restaurant or banquet hall, a night at PostSecret, an art exhibit at the Hirshorn museum and art gallery in Washington DC, and an afternoon at the CEO's house for a company meeting followed by food and drinks. Each event was successful in strengthening the cohesiveness and camaraderie between the department's employees. Each separate finance department at JnJ also has coordinated similar events with comparable success. This year, the JnJ Consumer Finance department spent a day in New Brunswick at an instructor-led team-building event where they engaged in comical motorized boat racing, a scavenger hunt, and other various athletic competitions. These events have proven to make an impact on workforce cohesiveness and morale. The strong belief that team-building is paramount to developing a high-performing organization has led certain departments to develop teams to build camaraderie and cohesiveness within specific groups of employees who work together on the job. Each of these individual teams plans to work together to develop events on their own, further proving the success of team-building at JnJ. (Perrielo,2018)

The first activity in the Social Activities section at JnJ is team-building events. JnJ believes that team-building is an essential component of a successful workforce. As a result, the company offers several team-building activities year-round to encourage employees to get to know one another on and off the job in order to form stronger, more cohesive work groups. The company culture is inclusive to all and is supported by management, which is why these events have been successful in the past.

## **Employee Recognition Programs**

Recognition programs can be broken down into two categories: formal and informal. Formal recognition programs are company programs where employees are "nominated" for specific deeds and are rewarded in some public form. These programs include things like "employee of the month" awards, peer-nominated recognition awards, or company achievement awards. JnJ has an "excellence ring" award through which employee teams are nominated and are rewarded for their outstanding achievement on a project with a fine dinner and ring to symbolize their accomplishment. This program is very effective because it brings the team together and rewards them in a public setting. Other employees within the organization can see the project team being rewarded and it motivates them to work well together in the future.

Recognition programs are the formal policies and informal practices of acknowledging employees' efforts and contributions to the organization. These programs are designed to reinforce and reward positive employee behaviours which line up with the mission, vision, values, and performance expectations of the organization. These programs are very important in today's workplace, and more and more organizations are using these programs to show employees that they are noticed and appreciated, and to encourage employees to go above and beyond their job duties. (Perrielo,2018)

## **Volunteer Opportunities**

Electronic Connection Calendar allows employees to connect to volunteer opportunities and connect to employees with similar interests. Managers can nominate their team for group or individual efforts in the community. The Corporate Contributions Committee at Merchant Drive decides whether JnJ should contribute money or products to the non-profit entity. Usually, they do not fund individual trips, little league teams, or schools. This is a committee of 8 employees who speak for divisions across MD as well as Power and Consumer. Employee involvement in the decision can steer product donations to their site or area of interest. All ideas are given due process, and the committee tries to make the best decisions for JnJ and the community. Many times, the committee will ask the employee to become involved in the project in order to get firsthand knowledge or assist in the implementation of the donation. (Perrielo,2018)

## **7.2. Incentive Program**

The Variable Compensation Plan rewards employees with cash bonuses based on individual and global Johnson and Johnson performance. JnJ determines annual cash bonuses based on the success of the company over a one-year performance period. During that period, employees can receive from 0-200% of their planned target bonus or no bonus whatsoever. Measures of business unit performance used to determine bonuses are how well the company has done relative to previous years, its future outlook, plan performance compared to actual results, and improvements in key success factors. Calculations based on these measures can determine a factor which ranges from 0-200% to be multiplied by individual employees' planned target bonuses. Since the Variable

Compensation Plan can apply to anyone from a sales representative to a company officer, the specific bonus effects may vary from person to person. An example of a specific multiplier used for an individual JnJ employee is how well their business unit has improved its success factors compared to other business units in the company. Other measures used to determine individual bonus levels include documented performance ratings and relative influence on company results, with a determination of no bonus based on failure to meet minimum performance standards. Recommended changes in bonus levels can also be communicated to management for consideration in the next result. By tying cash bonuses to specific measures of performance and success, JnJ can use the Variable Compensation Plan to reduce costs related to retaining employees with low performance levels and to pay employees more for their higher levels of performance. JnJ will continue to take the savings from the Variable Compensation Plan and apply it to the above-average salary increase so that the plan remains revenue-neutral to JnJ employees, and it is uncertain at this point if the current economic downturn will affect bonus levels.

While high salaries are an important aspect of attracting employees and retaining talented employees, there are times when the money spent on higher salaries after someone has been with the company for a while isn't an efficient way to keep them. Using various salary continuation methods, paying for someone to not work for you can be more expensive than paying them a lower salary while they undergo retraining and resume productivity. Thus, it is important to consider alternative compensation methods. One such compensation method is performance-based rewards such as the Variable Compensation Plan. (Perrielo,2018)

### **Performance-based rewards**

A lack of depth in performance assessment and reward can significantly hinder the effectiveness of an incentive program. Research on the effectiveness of individual incentives and how they lead to increases in employee job performance and the achievement of organizational goals is somewhat mixed. Individual incentive plans tie pay to performance. In general, these plans are used for operative and sales employees. For these employees, piecework pay plans, standard hour plans, and merit pay plans are the most popular. Individual incentives offer employees the clearest link between their effort and the reward. The expectancy theory predicts that if the employee believes that a higher performance will lead to a higher reward and if the employee values the reward, the employee will be motivated to put forth a higher effort. Most individual incentive plans have a steep, positive slope to the payout line. This means that small increases in performance will lead to large increases in pay. Step rate incentive plans have several pay rates and increase employee pay when his performance reaches a certain level. Sales commission plans range in the percentage of sales revenue the salesperson receives, but in general, the better the salesperson, the higher percentage of sales revenue he will receive. To accurately measure individual employee performance, a piece rate pay plan is ideal. Step rate plans can lead to free rider issues and sales commissions are more tied to the market and economic indicators than individual salesperson effort. A piece rate plan or a merit pay plan are best for assessing the effect of the pay plan on employee effort. (Perrielo,2018)

### **Recognition and bonuses**

This step was the introduction of formal recognition for individuals and team achievements in the form of "Spot Recognition Awards." These are meant to support the behaviours and actions that reflect the company's credo values, encouraging others to do similar deeds. The second factor and part of the recognition program is the Long Service Awards. This is a package of awards for employees with a minimum of 10 years of service, with additional awards which increase with each tenure band. These are given to employees upon completion of the tenure and are said to be a visible way of showing appreciation to the older employees who have made a significant contribution. So far, the programs have been successful in recognition of its employees in reinforcing desired behaviours and acknowledging contributions to the success of the company. The Director of Compensation and Benefits at Johnson & Johnson, Christopher T. Kenney, Ph.D., states that "The value of work at JnJ is directly related to the work done by the employee." This implies the company's belief that external rewards are irrelevant if not supported by the internal feelings of the employee towards his work. This is the main reason for JnJ's implementation of the Recognition and Rewards program. Their aim is to increase employee's job satisfaction and accomplishments achieved. This, in turn, will support the maintenance of a satisfied and motivated workforce. The Recognition and Rewards program consists of 2 main factors, the first being the Recognition program. This program is said to be a "day-to-day part of life at Johnson & Johnson" where the company has had a long tradition of informal recognition of employee's contribution to the business. Essentially, this involves the positive reinforcement of desired behaviours and performance to encourage repetitions of the same conduct. Though it is acknowledged as a valuable method of recognition, JnJ wanted to take it a step further. (Perrielo,2018)

### **Employee stock options**

Employee stock options are another critical component of the Johnson & Johnson compensation package. Under the Dependent Care Medical Leave Act, these options are to be provided equally to full and part-time employees. The plan is to issue stock options to all employees once a year at approximately 40% of the individual's total salary. Options are to be issued every year for varying amounts of shares according to the individual's salary. Companies often reward their employees with stock options assuming stock price will increase, thus increasing the value of the options. This can only remain an effective motivational tool if stock options are continually issued at an amount that will continue to provide incentive and reward. At JnJ, the stock price rises over time, which holds a great advantage for the employees. If stocks are issued at a low price and increase significantly in value, those options will be worth more at the time of use, thus providing greater reward for the employee. JnJ's stock options have this exact effect. An example proves the great potential value of these options. A \$50,000 salary employee who is given \$20,000 in stock options at the time of issuance, the value of that salary and those stock options could easily double over the course of 5-10 years. This employee would benefit greatly by working for Johnson & Johnson. Simulation 1 shows how this employee has the chance to more than double his money in the next 5-10 years. Simulation 2 proves even with stock options issued on a slightly lesser salary, one still has a good chance to increase the value of the total salary and options. By continuing his/her good

work, the JnJ employee has great potential to benefit immensely from the stock options, thus solidifying the JnJ stock option program as a long-term effective incentive tool. (Perrielo,2018)

### **7.3. Employee Evaluation**

Talent is an online platform designed to clearly identify and record company and individual goals, facilitate performance feedback, and provide a tool for career development planning for all employees. With technology changes, the system has now evolved to global success factors which is a simpler approach with emphasis still being placed on the quality of conversations held between managers and employees as well as simplification of the paperwork and overall process. This system allows for better competitors of employee performance and how it links to overall company success. High-performing individuals are to be rewarded through regular base salary pay increases in recognition of their consistent good performance. Additional performance-based cash awards are available and based on the achievement of specific goals and projects that link to company success in the short or long term.

The JCMP is JnJ's performance management system which has been adapted since 2002. It was created so that a culture of goal alignment and performance feedback would be embedded into the job. High JCMP performance is recognized as a critical factor in determining an individual's potential for career progression and overall success at JnJ. It is mandatory that each employee receives ongoing performance feedback throughout the course of the year. Managers can provide performance feedback at any time which will help align and adjust the employees' goals always delivered in a constructive and positive manner. This will aid in determining the employee's strengths and development areas. (Perrielo,2018)

J & J believes in the performance and achievement of goals in the aspect of evaluating their human capital. First and foremost, JnJ sets realistic and clear job goals for each individual employee. Within the first few months of employment, each new recruit will sit down with his/her supervisor to establish these goals. These objectives are to be grounded, measurable, and achievable. Every employee will be assessed on the achievement of these specific goals at the end of the year. This will help reinforce the employees' commitment and productivity to their job. Goals are consistently evaluated and updated to stay in line with the company's direction and employee commitment.

#### **Performance Assessment**

The J&J process is based on a rating scale of 1-5 and is focused on creating a high-performance culture. At the same time, we recognize the need to build engagement by creating an environment where every employee feels their contribution is valued and has a meaningful discussion about their merit increases and bonus. A summary of ratings and potential payout is provided to employees at the beginning of our salary review phase, and we ensure that feedback is clear, fair, and data-driven. An important aspect of our annual assessment is the evaluation of an employee's demonstration of Our Credo behaviours and the Leadership Imperatives. We have a separate conversation to differentiate performance and behaviours, and the annual assessment drives talent decisions which are anchored on development planning.

- Employees understand goals and performance standards and can accurately assess their own performance.
- Managers and employees have an open and honest discussion about performance.
- Recognition and feedback are given on what currently works well, the identification of any performance gaps, and the potential impact on future performance.
- Employees are supported in the identification of what they need to do to develop their skills and/or knowledge and are helped to identify resources to close development gaps.
- An evaluation of the potential career opportunities for the employee and the identification of any future changes in role to support career aspirations.

Our performance assessment process is designed to let you know what is expected of you in your current role, how well you are performing, and what you need to do to progress. The process, conducted annually from January-March, drives individual and business success. At its core is the need for effective manager and employee dialogue to ensure that everyone is aligned and that each individual knows what is expected and how he/she contributes to the success of the business. Across the Johnson & Johnson Family of Companies, managers and employees have the flexibility to determine the best approach for aligning, assessing, and managing performance based on the nature of their work and the culture of the organization. Each approach, however, has a number of common elements. (Perrielo,2018)

### **Feedback and Recognition**

Formalizing feedback sessions allows employees to understand what is expected from them and how they can improve. While we always look to the achievement of goals and progress in the culture of an organization, we must recognize the efforts and the results. One of the tenets of Janssen is that employees are the most valuable assets; by recognizing their efforts they will be further motivated to continually achieve. One of the ways people prefer to be recognized is via their manager saying thank you. In order for managers to further understand how to best recognize their employees, they must change the way they view their employees from a resource to the thing interdependent on manager for a resource in terms of salary potential, duration on program, and quality of contributions. By doing so, the manager can categorize the employee in terms of what kind of recognition would be meaningful for them. Managers can conduct informal quarterly reviews of their direct reports, set the agenda as a discussion, and focus on the employee's perspective. The review will serve as a valuable tool for managers to understand their employees and the rewards given. Employees often forget performance, good or bad, over the course of the year. A review sheet kept from feedback sessions can be the make or break in employee remembering why they were rewarded. (Perrielo,2018)

### **Career Development Plans**

What does all this mean with respect to your career development? It means you can have high expectations for ongoing discussions about your career. While these usually take place during the annual individual development planning process, the actual process is ongoing and informal, and may occur at any time in discussions with your supervisor. The development planning process itself is a structured, systematic and disciplined effort to ensure the "light of opportunity" stays bright

for all employees. It's an opportunity to reflect on your own career aspirations, and see how they fit with the needs of the organization. There are specific forms to guide you through the process, and these include collaboration of the corporate and sector business strategies, identification of individual development needs, and establishing plans and timetables for closing the gaps between what you want to do, and where the company needs you to be. It is expected that coming out of this process, employees will identify and understand specific steps they will need to take to craft their desired career paths. (Perrielo,2018)

From the very first, one of the most significant aspects of JnJ's philosophy towards its human resources is to promote from within. This means, basically, that we are much more likely to consider advancement for existing employees, rather than bringing in someone new from outside. It's a solid business strategy, but it's also closely tied into our belief that a person's career growth is a shared responsibility. You have an opportunity to determine your own career – this is part of the compact in our quality exchange.

## **7.4. Career Opportunities at JnJ**

At JnJ, we recognize that professional growth and development are key components in contributing to business success and in satisfying employees' personal career objectives. We strive to provide employees with opportunities to develop new skills and enhance job performance through training and development. This allows our employees to create a clear and focused plan for their career at JnJ, while providing the tools and resources necessary to achieve that plan. We are dedicated to retaining, developing, and recruiting top talent and offer a variety of programs and policies to help employees move their career in the right direction. Our job posting system and our global reach offer each employee the opportunity to fulfil their career goals without having to leave their current business or location. Furthermore, our leadership imperative is the tool in which we aim to build management and decision-making skills at all levels. This model focuses on developing the most critical leadership capabilities needed by our people to drive superior performance, strengthen our values-based culture, and better serve patients and consumers. With proven success, the leadership model has been cascaded down from the CEO to supervisor level, providing consistency and alignment to development efforts across the company. Because we are a large company with a vast variety of products, locations, and businesses, we are able to offer our employees the chance to have very dynamic and rewarding careers. Movement across businesses, functions, and locations is not only encouraged, it is often a requirement to enable people to broaden their skills and experiences. We take pride in the fact that our employees consider JnJ a great place to build a long-lasting career. In a recent Employee Opinion Survey, two out of three employees indicated they have a career at JnJ, not just a job. With our top talent retention, career development programs, and global reach, we are confident that this trend will continue. (Perrielo,2018)

### **Professional growth and development**



Today's career climate no longer consists of simply moving up the ladder. Employees now expect options and variety in their professional development. JnJ focuses on providing such choices by offering employees a variety of options in specialized development courses, leadership programs, and advanced degree assistance. The specialized courses are run regionally and internationally and cover a range of self-development and market-driven skills. Examples range from "Coaching for Success," "Project Management," "High Impact Communication," and "Managing through a Critical Change." JnJ also seeks out those interested in formal education with a tuition reimbursement program, allowing for up to \$10,000/year for professional development, undergraduate and graduate courses, and post-graduate degrees. For those identified as having high leadership potential, JnJ has a Global Management Development program which identifies candidates and provides them opportunities to develop skills, gain exposure, and earn experience necessary for future leadership positions within JnJ. JnJ employees have also demonstrated more willingness to stay within the company knowing that there are endless opportunities to change job function, business, and location. Supporting this, JnJ has pledged to meet its employees' career development and mobility needs. This will be done through the development of a global Job Profiler tool that provides a comprehensive inventory of jobs available at JnJ today. Compiled into a Job Database, this will enable employees to plan and manage their career paths within the company. By 2009, JnJ aims to have Job Profiler implemented in all sectors allowing employees to cross-sector boundaries and pursue other interests. Already this tool has been a success in the pharmaceuticals sector where it has raised both employee and manager awareness regarding career development and mobility. JnJ has also had success in this area with its "MBA Switch" program designed to provide MBA students an opportunity to experience different functions and sectors within JnJ and make a positive impact during a summer assignment. By offering these developmental opportunities, JnJ hopes to remain highly creative in recognizing and meeting changing business needs and preparing its employees to succeed in a changing JnJ environment. (Perrielo,2018)

### **Global job opportunities**

Johnson & Johnson has a number of offices situated around the world. As you begin to value the work you do, J&J gives you the chance to expand and create more opportunities when it comes to your career. With such a global network, there can be unlimited opportunities for employees who are looking for a change. Many positions regularly require cross-border travel, and with global assignments. All of this will mean that you have the opportunity to live and work in advanced and developing countries in nearly every region in the world. You may also have the opportunity to participate in global or regional projects or a temporary assignment. In this way, you can begin your journey to understand the worldwide aspect of our business and make a positive impact on global health. Alternatively, there may be an opportunity for you to move to a different position within your home country. If your career aspiration is to become a people manager or higher individual contributor, J&J has created a job framework for your professional development with defined competencies and leadership imperatives with numerous development resources to prepare you for your next desired role. On the other hand, you may decide that you want to make a diversified career change. For example, you are a Finance professional and you have a desire to have a commercial career. With jobs in three diverse sectors: Pharmaceuticals, Medical Devices and

Consumer; and in over 60 countries, you will be able to easily transfer your skills and knowledge to a different part of the organization. (Lindenwood Research,2018)

### **Competitive compensation and benefits**

Also notable is the commitment to equal pay for equal work which is the result of a company job evaluation process which ensures consistent pay for jobs of equal or similar worth and an effort to eliminate systematic biases towards protected classes. In 2006 JnJ was recognized for these effects in receiving an award from the US Department of Labor recognizing the company's leadership and efforts in equal opportunity and fair pay. In addition to this, JnJ offers employees the opportunity to participate in the purchase of its stock through payroll deduction, usually at a discount over market price. JnJ feels that this allows employees to share in the ownership of the company and therefore the risks and rewards of taking actions that have a long-term impact on the company's health and performance.

JnJ's commitment to competitive and rewarding pay and benefits is evident in its continuous effort to align, and in most cases, lead, local industry norms in the countries it operates. There is an emphasis on variable pay and competitive benefits in order to attract, retain and motivate high calibre employees. Compensation and benefits are linked to business results, something JnJ claims to do more effectively than other companies. By effectively communicating total offers to employees and providing them with a personalized statement of benefits, this helps to increase awareness of the total value of the JnJ offer. (Lindenwood Research,2018)

### **Supportive work environment**

High-impact development and talent management are crucial in turbulent economic times due to the impact on consumer and employee behaviours and attitudes. The 70-20-10 Model for Talent Development is a ratio showing how individuals learn, develop, and become successful. This model suggests that for a person to be successfully developed as a leader, they should have real job experience for about 70%, 20% from development relationships with others, and not more than 10% from formal education. This applies not only to leaders but also to all JnJ employees, who continuously develop their skills and competence. This model is even adopted and personalized to ensure clear development guidance for leaders, as stated in the guide for leader development plans.

With the support of the IDP, employees will always have clear direction about their career and will continuously develop their skills and competence. The ownership lies with the employee, who must take responsibility for their own development program. With a solid development plan and learning through experience, JnJ provides leadership with the 70-20-10 Learning and Development Model for Talent Development. This model is popularized and effective for leadership development programs.

Employees at the different levels of JnJ are expected to take ownership of their own development plan, and JnJ supports its employees by providing necessary tools, processes, and environment. This is done by recognizing Individual Development Plans (IDPs). An IDP is a written plan designed with an employee's supervisor that includes both professional and personal development goals. The IDP

includes specific developmental experiences such as targeted assignments, formal education, and assessments of progress and completion. (Lindenwood Research,2018)

### **Employee recognition and rewards**

Recognition for outstanding performance comes in many forms and at various levels. In 2009, 140 Johnson and Johnson employees were identified by the business group executive management for significant leadership contributions to the success of the business group. Awardees were recognized as "key talent" and participated in a leadership development program. This program is just one of many available JnJ leadership development courses designed to provide employees with the qualitative and quantitative skills for leadership and allowing them to grow professionally. At the end of the course, a select few will be chosen for executive level positions within the company. This topic is to inform the reader the rewarding side of working at JnJ. A company can only be so successful if the people within the organization put forth their best efforts. Not only does Johnson and Johnson recognize that employees are their most valuable asset, but they also reward their employees for continuous, outstanding performance. This approach fosters an environment for high achievement and allows for employees to take pride in the work that they do. (Lindenwood Research,2018)

## **7.5. Company Goals**

### **Core Values**

**Leadership:** At all levels, we are dedicated to being leaders in our industry. We believe in directing our limited resources of people, time, and money towards our best opportunities, only by doing this can we achieve the best results. We must be conscious of the need to not only devote our resources to our best opportunities, but to have efficient resource planning and utilization processes. We must always strive to improve the quality and depth of our knowledge and to maintain an open environment, a requirement for continuous learning and improvement.

**Integrity:** We are honest and ethical in everything we do. We will do what is right, not what is easy. Our JnJ credo, values and the quality of our products are the foundation of our success. We are highly committed to meeting the needs of all stakeholders; our customers, our employees and the communities in which we live and work. Our responsibilities to these groups are essential to maintaining our commitment to our Credo and our promise to all those who rely on us.

**Diversity:** We believe that a multitude of perspectives and backgrounds are crucial to serving the needs of a diverse customer base and to nurturing innovation. We are committed to fostering an inclusive, engaging work environment that empowers employees to work at their highest potential, and to creating a more inclusive society as we integrate the needs of a diverse global market.

**Caring:** We show we care by the way we treat each other and the way we work together to help those in need. We are committed to creating the best possible working environment for our

employees and to making a lasting, positive impact on our communities, and our ultimate goal is to alleviate pain and suffering all around the world. (JNJ website,2024)

### **Sustainability Initiatives**

J&J seeks to make the world a better place by incorporating sustainability in their everyday work. J&J's Looking to the Future initiative focuses on the health of the planet and addresses the long-term challenges of waste management, resource depletion, and global public health. This initiative has both short-term and long-term company-wide goals that include reducing water and energy usage, reducing waste, and developing standards and metrics for sustainable products. Johnson & Johnson has also joined organizations such as the World Business Council for Sustainable Development and the Carbon Disclosure Project Supply Chain Leadership Collaboration in an effort to improve their sustainability and transparency across the globe. By doing so, this collaboration will help J&J establish a more sustainable and lower carbon footprint in their supply chain. The ultimate goal of the Looking to the Future initiative is to integrate sustainability into the business and enhance understanding to change behaviour and decision making. The initiative is a leadership-driven strategy to build strategic capability throughout the organization on sustainability. This initiative will focus both on the internal and external environment and will be a critical vehicle to deliver on J&J's citizenship and sustainability commitments. (JNJ website,2024)

## **7.6. Improvement of Quality of Work Life in JNJ**

Improving working quality at Johnson & Johnson, or any company for that matter, involves a multifaceted approach that encompasses various aspects of organizational culture, processes, and individual performance.

**Employee Training and Development:** Invest in continuous training programs to enhance employees' skills and keep them updated with the latest industry trends and best practices. This can include technical skills as well as soft skills like communication and leadership.

**Clear Communication Channels:** Foster an environment where communication flows freely across all levels of the organization. Clear communication channels ensure that employees understand their roles, responsibilities, and expectations, reducing misunderstandings and errors.

**Employee Engagement:** Actively engage employees by involving them in decision-making processes, seeking their feedback, and recognizing their contributions. Engaged employees are more motivated, productive, and committed to delivering high-quality work.

**Quality Assurance Processes:** Implement robust quality assurance processes and standards to ensure that products and services meet or exceed customer expectations. This can involve regular quality audits, performance evaluations, and adherence to industry regulations and standards.

**Collaboration and Teamwork:** Encourage collaboration and teamwork among employees by fostering a supportive and inclusive work environment. When employees work together effectively, they can leverage each other's strengths and expertise to deliver better results.

**Technology and Automation:** Embrace technology and automation to streamline processes, reduce manual errors, and improve efficiency. Investing in tools and software solutions that automate repetitive tasks can free up employees' time to focus on more value-added activities.

**Work-Life Balance:** Promote a healthy work-life balance by offering flexible work arrangements, promoting wellness initiatives, and encouraging employees to take breaks and recharge. A well-rested and balanced workforce is more productive and less prone to errors.

**Continuous Improvement:** Foster a culture of continuous improvement where employees are encouraged to identify areas for enhancement and implement innovative solutions. This can involve regular brainstorming sessions, process reviews, and knowledge sharing sessions.

**Ethical Practices:** Uphold high ethical standards and integrity in all aspects of business operations. Employees should feel empowered to raise concerns about ethical issues without fear of retaliation, fostering a culture of transparency and accountability.

**Customer Feedback:** Actively solicit and incorporate customer feedback into the product development and improvement process. Understanding customer needs and preferences is essential for delivering products and services that meet market demands.

By focusing on these areas, Johnson & Johnson can enhance its working quality and position itself as a leader in its industry while fostering a positive and productive work environment for its employees.

# Conclusion

In the theoretical part of my thesis, I defined the basic concepts of quality of life. I focused primarily on the concept of quality of life, its historical development, definition and delineation, dimensions, and methods and ways of measuring it. Quality of life, a concept rooted in both historical evolution and contemporary understanding, encompasses diverse aspects of individuals' lives, ranging from physical health and emotional well-being to social relationships and environmental factors. By examining external and internal indicators, we can better grasp individuals' subjective perceptions of their overall happiness and satisfaction.

Chapter 1.6 Measurement of Quality of life also includes methods which can be used for calculation level of quality of life. Chapter 2 focuses on factors that significantly influence the quality of life.

Factors affecting quality of life, play a significant role in shaping individuals' experiences and perceptions of their overall well-being. Within the realm of work, quality of working life encompasses job satisfaction, work-life balance, organizational culture, and the degree of stress experienced in the workplace. Among the factors that can both positively and negatively affect quality of life, the following were included: health level, lifestyle, which further branches into sleep, physical activity, and diet, positive and negative emotions, relationships with others, and the level of stress load, which, due to the nature of the research, received the greatest attention. Since this work is oriented towards the quality of life of employees of Corporate companies, another chapter of the analytical part is dedicated to the quality of working life. For employees of corporate companies like Johnson & Johnson, understanding the nuances of working life is essential, given the significant portion of their lives spent within these environments. While corporate employment offers stability, resources, and opportunities for career advancement, it also presents challenges such as bureaucratic constraints and potential work-life imbalance. Recognizing the importance of employee motivation and incentives, corporate companies often implement various initiatives, including social activities, incentive programs, and opportunities for career development. Emotions associated with work, the level of work load, and the degree of work stress are briefly described in it. In this chapter, I focused also on the current threat of burnout syndrome. Furthermore, I also included a brief description of the factors affecting quality of work life in the next chapter. By analysing the quality of working life at Johnson & Johnson, we can gain valuable insights into the effectiveness of these initiatives and their impact on employee well-being and satisfaction.

In conclusion, this thesis has provided a comprehensive examination of the quality of working life for employees of a corporate company, with a specific focus on Johnson & Johnson.

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# List of used pictures

Picture 1. Types of Corporate Culture. Source: Cameron and Quinn 1999.page 48



