Human Resource Management and Employee Well-Being:
Towards a New Analytic Framework

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Abstract

The mutual gains model suggests that human resource management should benefit both individuals and organizations. However the dominant models within HRM theory and research continue to focus largely on ways to improve performance with employee concerns very much a secondary consideration. Furthermore pressures at work and in society more widely are creating an increasing threat to employee well-being. If employee concerns and the threats to well-being are to be taken seriously, a different analytic framework for HRM is required. The paper sets out an alternative approach to HRM that gives priority to practices designed to enhance well-being and a positive employment relationship, proposing that both elements are essential. Evidence is presented to support the choice of practices and to argue that these also hold the potential to improve both individual and organizational performance. It therefore offers a different path to mutual gains. The research and policy implications of this approach are discussed.

Key words: HRM, well-being, the employment relationship, mutual gains, performance

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Introduction

Over the past thirty years, theory and research on human resource management (HRM) has made considerable progress. For example, we now have a clearer understanding about the strategic role of external and internal fit (Boxall and Purcell, 2016), about the process whereby HRM can be linked to performance (Jiang, Lepak, Hu and Baer, 2012), about its association with firm performance (Paauwe, Guest and Wright, 2013) and about the challenges of managing effective implementation (Bowen and Ostroff, 2004). Although there appears to be much to commend, not everyone agrees that this represents significant progress. For example, Kaufmann (2012) proposed that thirty years of HRM research deserves a failing grade while Guest (2011) suggested that researchers are “still searching for answers”.

The argument in this paper is somewhat different. While progress in the field is acknowledged, it is claimed that the search for a link between HRM and performance has been pursued at the expense of a concern for employee well-being. Furthermore, changes in the nature and context of work support the case for a greater focus on well-being. What is therefore needed is a different approach to HRM that is more likely to enhance employee well-being but which may also offer an alternative route to high performance. The aim of this paper is to set out and justify such an approach.

*The changing context and the challenge to employee well-being.*
There is a strong ethical case for focusing on employee well-being. In addition changes at work and in the conditions surrounding work risk eroding work-related well-being with harmful consequences for employees and, potentially, for organizations. These changes have been widely signalled but often ignored in the core HRM literature and justify prioritising HR practices that can help to ameliorate their impact. For example, changes in technology continue to affect work-related well-being. While some changes are positive leading to the automation of routine activities, opportunities to work from home and greater access to information, others present challenges to employee well-being.

Information technology can increase demand and create work overload (Derks and Bakker, 2010), lead to work-home interference (Derks et al. 2014), affect the quality of recovery time (Sonnentag, 2003), enhance the opportunities for surveillance with its implications for loss of control and increased stress (Deery, Iverson and Walsh, 2002) and contribute to skill obsolescence and associated job insecurity. While research has demonstrated the benefits for well-being of redesigning jobs to provide greater autonomy, Felstead, Gallie and Green (2015), find that in the UK average levels of autonomy have declined while work demands have increased, notably in low skill jobs. Following the 2008 financial crisis, pressure at work has been exacerbated by the challenge of stalled productivity in most advanced economies. Analysing the UK productivity challenge, Bryson and Forth (2015) found widespread increases in workload alongside static wages. This has reduced fairness, threatened well-being but failed to improve productivity.

Reduced fairness can be linked to growing inequality in society (Picketty, 2014), particularly affected by pay, while Wilkinson and Pickett (2010) claim that countries with less dispersion of wealth show higher well-being among their populations. Evidence about growing income inequality is startling. For example OECD figures reveal that in the USA between 1979 and
2013 real wages increased by 135 percent for the top one percent of the working population but by only 15 percent for the bottom 90 percent of workers. While little is done to address wage inequalities, increasing numbers of ‘working poor’ reflect the challenge to well-being.

The growth in employment flexibility, like technology, can be a mixed blessing. Shaped by employees this can improve work-life balance and Aronsson and Goransson (1999) point to the benefits of being employed on the contract of choice. However an increasing proportion of the workforce does not have this choice. The 2008 financial crisis, greater international competition, technological changes that facilitate the expansion of the ‘gig’ economy and the growth of temporary employment have increased the numbers within what Standing (2011) describes as the ‘precariat’ and have made large areas of employment potentially insecure. Research on job insecurity convincingly demonstrates its negative impact on well-being (De Witte, Pienaar and De Cuyper, 2016).

Well-being may also be affected by lack of optimism about the future. Psychologists have argued that a sense of progress and an attractive future is essential for individual well-being (Ryff, 1989). New threats to progress have emerged ranging from stalled economic growth and increasing international competition to security threats and global warming. The change in optimism about the future is particularly acute for millennials. For the first time, surveys suggest that their prospects are poorer than those of their parents (Elliott, 2016). At work, this is reflected in threats to career prospects, to employment security and to the long-term economic security of a decent pension.

This brief outline of some of the challenges to well-being is germane to HRM. Applying more HR practices to improve performance has sometimes resulted in work intensification
without providing workers with the resources to cope with this. Advocacy of financial incentives as a core basis for motivation has encouraged the kind of behaviour in the financial sector that caused the 2008 financial crisis. Flexible employment has led to temporary working, zero hour contracts and promotion of contingency models that encourage a focus on talent while neglecting other workers. In its turn, talent management has provided one justification for the rise of inequality reflected in the huge salaries of top executives while holding back pay increases for the rest of the workforce. These may be unintended outcomes of contemporary HRM but there has been insufficient concern for the ethical consequences of encouraging HR practices that promote performance while neglecting organizations’ responsibilities to their employees. What all this indicates is that much HRM research and practice has serious shortcomings demonstrating the need to give greater priority to employee well-being.

In presenting this case, the paper is structured as follows. The next section reviews the treatment of well-being in current models of HRM. The following sections explore the antecedents of well-being and specifically the role of HR practices, outline the case for a mutual gains approach and present new model of HRM that prioritises employee well-being and a positive employment relationship. Evidence is reviewed showing how the proposed approach can enhance both employee well-being and organizational performance thereby offering a different path to mutual gains. Finally, research and policy agendas are outlined.

**Human resource management models and employee well-being**

The developments outlined above are highlighted both because they all have potentially damaging effects on employee well-being and because they fall within the remit of human resource management, broadly defined. This raises the question of how far human
resource theory, research and practice has attempted to address these issues and in particular how far it prioritises policies and practices that promote employee well-being. Beer, Boselie and Brewster (2015:431) note “For most of its history the assumption in the vast majority of HRM studies has been that the sole purpose of HRM is ultimately to improve the financial return to shareholders”. Their core concern is that HRM researchers have neglected the interests of stakeholders including showing insufficient concern for the well-being of the workforce. This argument is reflected in the debate about whether HRM results in mutual benefits or conflicting outcomes. Two overlapping reviews (Peccei, van de Voorde and van Veldhoven, 2013; van de Voorde, van Veldhoven and Paauwe, 2012) of studies exploring the simultaneous impact of HRM on both performance and employee well-being reveal that more HRM is typically associated with both higher performance and higher job satisfaction and organizational commitment but outcomes for health-related well-being are less clear-cut with some indication that HRM can be associated with higher stress. More recent evidence, for example, Jensen, Patel and Messersmith (2013), lends further support for this view. One interpretation is that HRM, or at least the version associated with high performance work systems, results in work intensification that in turn causes stress. However the nature of the HR practices in the reviewed studies is unclear, with many utilising an index, and we know from other reviews that the practices in reported studies vary considerably (Boselie, Dietz and Boon, 2005). It is therefore difficult to draw conclusions about the kind of HR practices affecting employee well-being.

As research on HRM and performance has evolved, the role of employees has become more central, reflecting the view that HRM has its impact on performance largely through its influence on employee attitudes and behaviour. This has resulted in a variety of ‘internal’ models about the role of employees in the HRM-performance relationship. Boxall and
Macky (2009) have suggested that a clue to the intentions of any model can be found in the language. With this in mind, we can identify various terms used to describe the dominant approaches including ‘high performance work systems’, ‘high commitment management’ and ‘high involvement management’.

One of the most widely used terms describes HRM as a ‘high performance work system’ (HPWS). The presumptive label makes the aims of this approach explicit. Yet initial studies using this label by Appelbaum (Appelbaum and Batt, 1994; Appelbaum et al, 2000) found that an approach based on the AMO model, focusing on practices to enhance employees’ abilities (A), motivation (M) and opportunity to contribute (O), could enhance both performance and well-being. While reviews suggest that many employees respond positively to practices that reflect the AMO model (Jiang et al. 2012; Subramony, 2009), it is notable that in most reported studies worker attitudes and behaviour are viewed as a means rather than an end, with the primary focus directed to performance suggesting little concern for employee well-being and for mutual gains. Indeed, Boxall, Guthrie and Paauwe (2016:104) note that “The other obvious thing about the AMO framework is that it is focused on serving the goal of organisational performance rather than employee well-being”.

A variant, building on the resource-based view of the firm (Barney, 1991; Barney and Wright, 1998), emphasises the role of human capital as the major means of leveraging organizational resources to gain competitive advantage. This has developed into a more specific focus on ways of conceptualising, enhancing and utilising human capital, although, as Wright, Coff and Moliterno (2014) note, there is continuing uncertainty about what constitutes human capital. A challenge for advocates of this approach is whether to invest
in all or in selected human resources as advocated, for example, by Lepak and Snell (1999). The primary focus of this approach is to develop and utilise human capital for the benefit of the organization with little concern for employee well-being or mutual gains.

The term ‘high commitment’ HRM states its implied aims. In his article, ‘From control to commitment in the workplace’, Walton (1985) argued that changes in the US competitive environment, combined with changes in employee expectations, required American organizations to alter their approach to management of employees. This necessitated a change from low to high trust and from hierarchical control to participative management and adoption of HR practices to promote organizational commitment. However commitment, as Appelbaum et al (2000) noted, mainly benefits organizations rather than individuals. Improved well-being may be a by-product but it is incidental to the role of commitment as a means to enhance performance. This is therefore another approach to management of employees as a means of enhancing organizational performance that has little to say about employee well-being and mutual gains.

‘High involvement’ management (HIM) can be traced to Lawler’s (1986) advocacy of providing employees with sufficient power, information, reward and knowledge – the so-called PIRK model – to empower them to perform at a high level. Vandenberg, Richardson and Eastman (1999) developed this into a fuller HRM model subsequently further refined by Boxall and Macky (2009). While this model potentially accommodates features of employee well-being, the primary focus is invariably on organizational performance. Boxall and Macky (2009) are an exception, explicitly considering the implications of HIM for employee well-being. They cite Mackie, Holahan and Gottlieb (2001) who found that adoption of HIM was associated with lower levels of depression among health care workers. Their own study
(Boxall and Macky, 2014) found that HIM was associated with higher job satisfaction, a better work-life balance, lower work intensification and no increased stress or fatigue. However the role of HIM may not be so straightforward. Wood et al (2012) distinguished between job enrichment and employee involvement, where the latter included a range of HR practices, and explored the mediating role of well-being on performance as a test of the mutual gains model. High involvement practices were negatively associated with well-being but had a positive association with performance. In contrast, job enrichment had a positive association with well-being while job satisfaction, a dimension of well-being, also partially mediated the link to performance. This raises questions about the role of employee involvement and also about what HR practices constitute involvement. In most cases, it appears to cover only a limited set of HR practices. In addition, with a few exceptions such as those cited above, the focus in most studies is primarily on the link to performance rather on well-being and mutual gains.

In summary, the dominant approaches to HRM have focused on performance largely to the neglect of employee well-being. This provides scope for the radical critique of HRM of those writing from a labour process or critical management perspective (see, for example, Keenoy and Anthony, 1992; Legge, 2005; Willmot, 1993) who argue that HRM is intended to ‘manage’ organizational culture as part of a wider strategy to ensure workers are committed to and involved in contributing to organizational performance. However there is a more extensive critique. Godard (2004) has argued that the dominant approaches to HRM fail to take account of the external context and he calls for the introduction of a political economy approach. He uses his own research (Godard, 2001) and that of Cappelli and Neumark (2001) to argue that HRM does not invariably improve performance. Supporting Godard,
Kaufman (2012) cites evidence of the limited adoption of high performance practices to claim that adopting more soon ceases to pay off in cost-benefit terms. Thompson (2011) uses his disconnected capitalism thesis to argue that as a result of financialization even managers wishing to apply HRM could be constrained from doing so by the more powerful countervailing financial interests. While these arguments are important and need to be taken into account, they do not weaken the case for a stronger focus in HRM research and practice on employee well-being. Indeed, given the threats to well-being outlined earlier, and their potential costs for both individuals and organizations, reflected for example in long-term absence due to low well-being, there is both an economic and an ethical argument for a greater research focus on how HRM can enhance well-being.

As noted above, analysis of the mutual gains hypothesis has typically studied the impact of HPWSs on performance and well-being (van de Voorde et al, 2012). In seeking to give greater priority to employee interests and outcomes, what is proposed is a different process that explores the impact of HR practices designed to improve well-being on both well-being and performance. There is already an extensive body of research on employee well-being, hitherto largely neglected by HRM researchers, that can be utilised to offer a distinctive HRM framework. The remainder of this paper therefore outlines an approach to HRM that has as its primary goal the promotion of employee well-being. It builds on elements of existing models, particularly the Harvard (Beer et al, 2015) and high involvement (Boxall and Macky, 2009) models but goes beyond these to focus on HR practices that are likely to promote employee well-being. As a first step, we need to be clear about what we mean by work-related well-being.
Well-being and its antecedents

The World Health Organization defines well-being as “A state of complete physical, mental and social well-being, not merely absence of disease or infirmity” (WHO, 1946). The OECD has recently developed a range of objective indicators of well-being as part of its “Better Life” initiative but has also focused on subjective well-being which it defines as “good mental states, including all the various evaluations, positive and negative, that people make of their lives, and the affective reaction of people to their experiences” (OECD, 2013:29). While these definitions address general well-being, our concern is with work-related well-being which Grant, Christianson and Price (2007:52), drawing on the work of Warr (1987), define as “the overall quality of an employee’s experience and functioning at work”.

Building on the literature, they argue that there are three main facets of work-related well-being concerned with psychological, physical and social functioning. We will adopt this approach in what follows.

In considering psychological well-being, a distinction is often made between hedonic and eudemonic well-being. The former is typically represented by job satisfaction whereas the latter is more concerned with fulfilment of potential and finding meaning and purpose in work. Warr (1990) has operationalised psychological well-being along three dimensions covering satisfaction – dissatisfaction, enthusiasm – depression and comfort – anxiety with a measure that has been widely used in research in work settings. The second facet, physical well-being, captures physiological indicators of health or illness and in the workplace is typically explored through subjective feelings of health including positive indicators such as a sense of energy and negative indicators such as exhaustion and stress. The third dimension covering social well-being is reflected in interpersonal relations, levels of social support and perceived trust and fairness of treatment.
A large body of research on the antecedents of well-being provides a strong evidence-base about the kinds of HR policy and practice that might promote well-being at work. In this brief review, which is inevitably illustrative rather than comprehensive, three different approaches, each with an emphasis on one of the three dimensions of work-related well-being and indicating relevant HR practices, are outlined.

The first source of evidence is Warr’s (1987) review of the literature. He identified ten antecedents of work-related well-being. They are opportunity for control, opportunity for skill use, variety at work, opportunity for interpersonal contact, externally generated goals, environmental clarity, availability of money, physical security and a valued social position. This list highlights features of job content and social context and in so doing focuses on HR practices addressing both the job and employment. Warr describes his approach as a vitamin model on the grounds that an appropriate ‘dose’ would improve well-being but that, like vitamins it is possible to have too much of some features of work such as opportunity for control or externally generated goals, so establishing the correct ‘dose’ is important.

The second type of evidence comes from one of the more narrowly focussed, theoretically-based approaches, the job demands – resources model (Bakker and Demerouti, 2007). It proposes that well-being, reflected, inter alia in low burnout and stress and high levels of work engagement, is a function of balancing the demands of work and the resources available to do the work. Demands can include workload, emotional demands and work-non-work conflict. Resources include sufficient job autonomy, social support, development opportunities and feedback. Research based on this model confirms that when the right HR practices are in place providing the necessary resources their presence helps to alleviate
feelings of physical discomfort and enhance both well-being and individual performance (Bakker and Demerouti, 2007; Schaufeli, Bakker and Van Rhenen, 2009; van de Voorde, Veld and van Veldhoven, 2016).

The third source of evidence about the antecedents of work-related well-being draws on research related to the quality of working life (QWL). Interest in quality of working life emerged initially in the late 1960s with evidence supporting a set of practices to enhance well-being at work and beyond. Walton (1974) summarised eight core conditions for a high QWL covering a safe and healthy working environment; the development of human capacities; growth and security; social integration; rights and representation; the social relevance of work; consideration of the total life space; and adequate and fair compensation. More recently, Grote and Guest (2016) have argued that flexibility and individual proactivity should be added to this list. They also outline a multi-level analytic framework that recognises that relevant practices can be considered at the levels of the job, the workplace and the interface between work and life beyond work. The list of conditions for a high QWL point to a further range of HR practices relating both to the job and the wider employment relationship that are likely to promote employee well-being.

Together, these approaches identify a set of HR policies and practices likely to promote employee well-being. It is notable that many differ from those typically viewed as antecedents to performance. This is confirmed by Peccei (2004) who examined 33 HR practices finding that those associated with well-being are rather different to those typically associated with performance. If a core goal of HRM is to promote employee well-being then the focus needs to shift away from many of the practices typically associated with
performance towards those more likely to enhance employee well-being. The remainder of this paper outlines an approach to HRM designed to achieve this goal.

**Mutuality and a positive employment relationship**

In developing an approach to HRM designed to promote employee well-being, it must be acknowledged that organizations are unlikely to promote well-being on ethical grounds alone. Indeed, this assumption has provided one reason for much employment legislation. It is therefore necessary to accommodate the interests of both employees and employers and, adopting a pluralist perspective, this can usefully be framed within the context of the employment relationship. A widely cited contemporary approach to employment relations adopts a mutual gains approach (Kochan and Osterman, 1994). This briefly flourished in the UK under the banner of workplace partnership but an evaluation by Guest and Peccei (2001) suggested that it was often perceived to give a balance of advantage to employer rather than employee outcomes. However Valizade et al (2016) report research suggesting that a positive employment relations climate offers scope for forms of partnership to flourish, providing mutual gains for relevant stakeholders.

The concept of the employment relationship additionally suggests some form of exchange built around the norm of reciprocity (Gouldner, 1960) such that if the employer prioritises HR practices that promote well-being, employees in return will respond positively, reflected in various indicators of performance. This differs from the standard behavioural model where HR practices are specifically geared towards higher performance with gains in well-being as a potential by-product. The alternative model proposed here is that HR practices are explicitly designed to have a positive impact on well-being which in turn can affect performance. This is illustrated in Tsui et al’s (1997) study of four types of exchange
relationship. Where the balance favoured employees or, more particularly, where there was a balanced mutual exchange, there were positive employee outcomes on a range of well-being criteria including perceived fairness, trust in co-workers and absence, as well as positive organizational outcomes such as higher performance, higher citizenship behaviour and lower intention to quit. In contrast, where the balance was tilted against employees or where quasi spot contracts were applied, usually in the form of performance-related pay, this resulted in lower well-being and lower performance.

Boxall (2013) has outlined three dimensions of mutuality. First there is what he terms a capability match which balances the employer’s need for a competent workforce with the employees need for a positive work environment. Secondly, he proposes a commitment match balancing the employer’s need for employees to demonstrate commitment against employees desire for job security and fairness of treatment. Thirdly, he proposes a contribution match whereby both parties believe that their needs are being met. Each of these, and the last one in particular reflect the idea of a positive exchange and at the same time point to a number of HR practices that can contribute to ensuring mutual gains.

At the individual level, the social exchange can be captured by the concept of the psychological contract (Rousseau, 1995; Guest, 2004), built around the exchange of promises underpinned by mutual obligations and the norm of reciprocity, although Kalleberg and Rogues (2000) have argued that it can also be applied to collective employment relationships. Research has identified HR practices as important antecedents of psychological contracts (Rousseau and Greller, 1994) and revealed positive well-being outcomes from psychological contract fulfilment (Guest, Isaksson and De Witte, 2010; Zhao et al, 2007). Despite the apparent utility of a social exchange approach, we must recognise
that the exchange can on occasion be limited, unequal and exploitative (Folger, 2004) suggesting that it is likely to operate most effectively for the benefit of the key stakeholders when there is an established institutional framework for the employment relationship.

The concept of a positive employment relationship that is advocated here as a necessary complement to well-being oriented HR practices is based on a number of important principles. The first principle is an acceptance that employers and employees have both shared and different interests and that a central task of the employment relationship is to manage the different interests. A second principle is that for this to succeed there should be a high level of trust among the parties to the relationship (Fox, 1974). The third principle is that people feel they are treated fairly. Heffernan and Dundon (2016) have shown how perceptions of justice affect reactions to a high performance work system. A final principle, building also on the research on quality of working life, is that an effective employment relationship promotes employee emancipation (Delbridge, 2014). One criterion for this is that employees or their representatives should have a say in any changes affecting them (Edwards, 2015), a principle that is enshrined in European Union legislation. For this to succeed, there should be genuine opportunities for voice (Johnstone and Ackers, 2015).

Towards a well-being oriented HRM

The analytic model proposed here builds on the research about HR policies and practices that have been shown to act as antecedents of employee well-being and a positive employment relationship. The focus on the employment relationship can help to promote aspects of well-being but also addresses concerns of critics such as Godard (2004) by helping to ensure that well-being-related HR practices do not become exploitative. As such, it addresses the call by Townsend and Wilkinson (2014) to bring HRM and employment
relations closer together. The model builds on the assumptions of exchange theory to propose that high employee well-being and a positive employment relationship will in turn have both direct and indirect effects on performance. More specifically, they will achieve this through their impact on employee attitudes, motivation and behaviour. The positive attitudes include organizational commitment and work engagement (Charlwood, 2015; Schaufeli et al, 2009). Motivation will be reflected in willingness to collaborate and to engage in citizenship behaviour as well as higher energy levels (Ryan and Deci, 2000; Wright, 2003). Behavioural outcomes will include lower absence, lower labour turnover and a stronger cognitive presence at work which can contribute to innovation and to ensuring high service quality (Fredrickson and Branigan, 2003). These propositions are set out in Figure 1 while a set of potential HR practices are described in Table 1.

(Insert Figure 1 about here)

The model in figure 1 is based on an analysis of the empirical evidence about the antecedents of employee well-being and is informed by the principles about a positive employment relationship. Five sets of HR practices are provisionally outlined. Aware of the dangers of prescriptive lists of HR practices, they are offered as a basis for research to be confirmed, extended or amended.

The first set of practices concern investment in employees. The logic for this can be found in the QWL advocacy of the development of human capacities. Enhancing competence through training and development and providing a sense of an attractive career future contribute to a feeling of security and aid development of self-efficacy, an important antecedent of well-being. Additionally, investment in employees increases their resources within the job demands-resources model. As Table 1 indicates, this requires HR practices
such as careful recruitment and selection, training and development and support for career-related activities. Investing in employees overlaps with the human capital approach but with a primary focus on employee well-being rather than contribution.

The second set of practices concerns provision of engaging work. Warr’s analysis of the antecedents of well-being highlighted the importance of opportunities for control, skill use and variety at work. The job-demands – resources model gives primacy to autonomy as a key resource. The extension of the QWL model by Grote and Guest (2016) emphasises the need to accommodate and tap individual proactivity. The core HR practice is therefore job design which may occur at the individual level or in semi-autonomous work groups which bring the added advantage of supportive interpersonal relations.

The third set of HR practices focuses on the creation of a positive social and physical environment and is particularly highlighted in the QWL literature as antecedents of both well-being and a positive employment relationship. They include prioritising employee health and safety, providing opportunities for social interaction at work, avoiding bullying and harassment, promoting equal opportunities and diversity, ensuring fair rewards, often linked to high basic pay rather than incentive schemes, and providing employment security, including steps to maintain employability. While many organizations claim to adopt these HR practices and legislation often requires them to be addressed in some way (Paauwe, 2004), commitment to them is often questionable. These practices rarely appear in performance-oriented HRM models.

The fourth set of HR practices address the role of voice, a feature highlighted in the QWL literature and in high involvement HRM. Relevant HR practices include extensive two-way communication, opportunities for individual expression of voice including attitude surveys,
and relevant forms of collective representation. These practices are core features of the employment relationship and support a stakeholder perspective; but they are often missing in performance-oriented HRM models.

(Insert Table 1 about here)

The final set of practices reflects the importance of organizational support to ensure employee well-being and incorporates HR practices reflecting widely-recognised antecedents of well-being. These include participative, supportive management and an organizational climate that facilitates employee involvement. It also includes participative and developmental rather than judgemental and potentially punitive performance management. Finally, it includes support for family-friendly and flexible working arrangements.

The model set out in Figure 1, contains two core propositions. The first is that the presence of the five sets of HR practices will be associated with higher employee work-related well-being and a positive employment relationship. High well-being will be reflected in psychological and physical health and positive social relationships at work. A positive employment relationship will be reflected in high levels of trust, a sense of fairness, a feeling of security, a fulfilled psychological contract and a high quality of working life. While not explicitly following Warr’s vitamin model, we argue that a well-rounded ‘diet’ of HRM is essential and therefore that an element of all five sets of HR practices will be required. At the same time, there will be variations in context that make certain practices more salient. These will include national context, reflected in relevant institutional arrangements; variations in organizational factors such as sector and size; the external competitive environment; and variations at the individual level, including type of work and personal
circumstances. This last point recognises that work-related well-being may not reflect overall well-being which can be affected by non-work factors.

The second proposition is that high well-being and a strong employment relationship will be associated with positive organizational outcomes. This is based partly on the evidence that high well-being is reflected in better health and energy; and partly on social exchange theory and propositions about mutual gains that lie at the heart of the employment relationship. A meta-analysis by Lyobonmirsky, King and Diener (2005) and review by Daniel and Harris (2000) support an association between well-being and higher individual performance. Daniel and Harris also cited evidence for an association between well-being and workplace performance. Meta-analysis of the extensive body of research on the relationship between job satisfaction and performance confirms a sizeable positive association (e.g. Judge et al, 2001). Despite some questions about the direction of causality, Bryson, Forth and Stokes (2014), using panel data from the UK Workplace Employment Relations Survey, reveal a causal link between collective job satisfaction and workplace performance as do Bockerman and Ilmakunnas (2012) in a study showing how job satisfaction has a sizeable impact on productivity. A further illustration is the longitudinal study by Proudfoot et al (2009) showing that cognitive behavioural training led to improved levels of self-efficacy and general well-being which in turn led to improved sales performance and lower labour turnover.

Low well-being harms performance. Bakker et al (2008) showed that burnout, and in particular the cynicism dimension, an indicator of low well-being, was associated with subsequent poorer performance. Taris and Schreurs (2009) in a longitudinal unit level study of performance in care homes found that emotional exhaustion was associated with lower
productivity. In contrast, research on work engagement, sometimes viewed as a positive alternative to burnout and an indicator of well-being, has been associated with positive performance-related outcomes (Schaufeli et al, 2009). In short, there is evidence of a causal association between well-being and positive performance outcomes at both the individual and the unit level.

Fulmer, Gerhart and Scott (2003: 965) argue that “positive employee relations effectively serves as an intangible and enduring asset”. Basing this finding on an analysis of ‘100 best companies to work for in America’, selected on criteria including adoption of the kind of HR practices and positive employment relationship outlined in the model presented above, they demonstrate an association with positive employee attitudes and financial performance. Recently Dineen and Allen (2016), again studying organizations gaining 100 best company status, demonstrated the benefits for employer branding reflected in lower labour turnover and higher levels of attraction from job applicants.

Bryson et al (2013) have shown that trade unions play an important role in moderating the negative effect of organizational change on job-related anxiety, while Pohler and Luchak (2014) found that when high involvement practices are introduced in organizations with a strong union presence, the outcomes include higher satisfaction, fewer paid sick days and fewer grievances. Trust has long been associated with a positive employment relationship (Fox, 1974) and Whitener (1997) has argued that appropriate HR practices promote trust. Gallie (2013) on the basis of a large data set, has shown how direct participation is associated with higher skill use, higher job satisfaction, better well-being and better job quality. Finally, there is extensive evidence about the kind of HR practices that serve as
antecedents of a fulfilled psychological contract and the positive consequences of fulfilment as well as the negative consequences of breach or violation (Zhao et al, 2007).

In summary, there is evidence supporting the link between the distinctive set of HR practices outlined in this paper and both higher levels of well-being and a more positive employment relationship. These, in turn are associated with a range of positive performance outcomes at both the individual and unit levels. This approach therefore offers mutual gains in a way that is not so readily apparent in performance-oriented models of HRM.

**Implications for policy and research**

The preceding analysis opens up several new avenues for HRM research. The core concept of well-being has been defined in terms of three dimensions. Further research is needed to establish the specific antecedents of each dimension as well as their distinctive consequences. The model presented here contains five provisional sets of HR practices. Research is needed to establish whether all are integral, whether they have differing salience and whether the list of antecedent HR practices needs to be extended or adapted. In this analysis, we have argued that a dual track promoting both well-being and a positive employment relationship is necessary. Research needs to establish the extent to which this is invariably the case and whether, for example, a positive employment relationship is better considered as an antecedent or a correlate of well-being. For this, it may be necessary to look to the external context and to national institutional arrangements that give varying degrees of weight to a collective employment relationship and to the wider legislative framework affecting employment policy (Godard, 2004). The challenge of effective HR implementation has become a major research theme (Bowen and Ostroff,
and it will be particularly important to understand the determinants of effective implementation of well-being-oriented policies in a context where there is a risk that managers only pay lip service to employee well-being. Well-being is usually regarded as an individual phenomenon but in seeking to improve understanding of both its antecedents and consequences, there is a case for multi-level research that takes into account the contexts within which individuals work and live (van Veldhoven and Peccei, 2015).

The call for a change in the focus of research within HRM does not mean we should abandon the current dominant stream of research on HRM and performance and we should certainly continue to explore any conditions under which HPWS might lead to both high performance and high well-being (Peccei et al 2013). Indeed, there is a case for exploring potential compatibilities between HPWS and the approach outlined here, particularly since there are some overlaps in the choice of HR practices. A critical challenge to compatibility may lie in analysis of work intensification and its consequences which Bockerman et al (2012), for example, have highlighted as a challenge to the high involvement approach. Finally, bearing in mind advocacy by Beer et al (2015) of the Harvard model, research might explore which approach offers the most cost-effective way of providing mutual benefits for a wider set of stakeholders.

While calling for a refocusing of HRM research, there are greater challenges in seeking to alter organizational policy and practice. In most organizations there are major disparities of power and only very limited employee voice allied to a dominant assumption, more particularly in the USA, that what is good for the organization and its shareholders is also good for employees. The challenges from external competition and pressure to reduce costs may be treated as top priorities. Furthermore, as Thompson (2011) has argued,
disconnected capitalism reflected in the growth of financialization means that managers may feel inhibited from promoting a more employee-centred HRM.

Nevertheless, there is some evidence that the policy implications of promoting employee well-being have begun to be recognised. For example, the UK National Institute for Health and Care Excellence (NICE) (2016) has published evidence-based policy guidelines for managers on how to promote employee well-being. The UK CIPD has taken a lead in promoting employee well-being, explicitly supporting “good work and good working lives”, while the benefits for society are highlighted by the OECD’s advocacy of well-being and quality of life at work and beyond, increasingly supported by influential economists (O’Donnell et al, 2014). There are sound commercial reasons based on performance gains and, inter alia, on the cost of sickness absence, much of which can be attributed to psychological illnesses associated with poor well-being. There are also strong ethical arguments for promoting well-being. In summary, there is a compelling case for organizations to develop and implement a coherent HRM-based well-being strategy that provides real mutual gains.

Conclusion

The core argument in this paper is that HRM research and policy needs to give greater priority to promoting employee well-being. There are three main reasons for this. The first is that it is the right thing to do on ethical grounds; the interests of workers, as key stakeholders, are too often neglected. Despite interest in employee attitudes and behaviour in many of the established HRM models, employee outcomes are viewed as a means to an end rather than an end in themselves. Secondly, we have argued that the pressures in the external context carry threats to well-being that can be at least partly ameliorated by the
kind of HR practices outlined here. Thirdly organizations are likely to benefit from a focus on well-being in terms of both enhanced performance and reduced costs. Utilising exchange theory as a core analytic framework, the paper has outlined a potential set of HR practices likely to promote well-being at work and a positive employment relationship, indicated mutual benefits of achieving this and suggested research avenues to evaluate this case.
References


Basingstoke,Hants: Palgrave Macmillan.


Elliott, L. (2016). ‘Millenials may be the first to earn less than the previous generation’. The Guardian, 18 July, 2016.


Table 1: Provisional HR Practices Designed to Promote Employee Well-being

<table>
<thead>
<tr>
<th>Category</th>
<th>Practices</th>
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</thead>
<tbody>
<tr>
<td><strong>Investing in employees</strong></td>
<td>Recruitment and selection</td>
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<td></td>
<td>Training and development</td>
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<tr>
<td></td>
<td>Mentoring and career support</td>
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<tr>
<td><strong>Providing engaging work</strong></td>
<td>Jobs designed to provide autonomy and challenge</td>
</tr>
<tr>
<td></td>
<td>Information provision and feedback</td>
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<tr>
<td></td>
<td>Skill utilisation</td>
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<tr>
<td>**Positive social and physical</td>
<td>Health and safety a priority</td>
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<tr>
<td>environment**</td>
<td>Equal opportunities/diversity management</td>
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<tr>
<td></td>
<td>Zero tolerance for bullying and harassment</td>
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<td></td>
<td>Required and optional social interaction</td>
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<tr>
<td></td>
<td>Fair collective rewards/high basic pay</td>
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<tr>
<td></td>
<td>Employment security/employability</td>
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<tr>
<td><strong>Voice</strong></td>
<td>Extensive two-way communication</td>
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<td>Employee surveys</td>
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<td></td>
<td>Collective representation</td>
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<tr>
<td><strong>Organizational support</strong></td>
<td>Participative/supportive management</td>
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<tr>
<td></td>
<td>Involvement climate and practices</td>
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<tr>
<td></td>
<td>Flexible and family-friendly work arrangements</td>
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<td></td>
<td>Developmental performance management</td>
</tr>
</tbody>
</table>
Figure 1:

HRM, Well-being and the Employment Relationship, and Performance

Investing in employees
Engaging work
A positive social and physical environment
Voice
Organizational support

Psychological
Physical
and
Social well-being

Well-Being
Positive Employment Relationship

Individual and organizational performance

trust
fairness
security
fulfilled psychological contract
high quality of working life