

# Institutional environment and job well-being on the governance of the tourism industry: a European study

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**Abstract:** The distribution of wealth generated in the tourism industry among the labor force should be considered one out of the facets of the social tourism sustainability. Literature highlights that tourism firms' practices have an impact on labor well-being. However, it also warns that national institutions may condition the adoption of these practices by firms, and so institutions might become a challenge for well-being. This study analyzes the effect of institutions on well-being, and particularly it differentiates between employees and entrepreneurs as human resources in the tourism industry. The empirical analysis carried out on a sample of 1,352 employees and 302 entrepreneurs located in 27 European countries, confirms the direct effect of national institutions on well-being at work. Because institutions would have affect human resources' well-being, the tourism authorities should pay attention to the governance of this industry.

**Keywords:** Well-Being At Work; Governance; Institutional Theory; Tourism Industry; European Countries.

## Entorno institucional y bienestar laboral en la gobernanza del sector turístico: un estudio europeo

**Resumen:** La distribución de la riqueza generada por la industria turística en la fuerza laboral local representa una de las facetas del turismo social sostenible. La literatura destaca que las prácticas que aplica la empresa turística influyen en el bienestar laboral de los recursos humanos. Dado que las instituciones nacionales pueden condicionar la adopción de estas prácticas, tales instituciones pueden representar un desafío para el bienestar. Este trabajo analiza el efecto de las instituciones sobre el bienestar laboral y diferencia para ello entre empleados y emprendedores en la industria turística. El análisis empírico desarrollado con 1.352 empleados y 302 emprendedores en 27 países europeos confirma el efecto de las instituciones sobre el bienestar laboral. Por tanto, como las instituciones condicionan tal bienestar, las autoridades deben prestar más atención al gobierno de aquellas instituciones que afectan a esta faceta de la sostenibilidad turística.

**Palabras Clave:** Bienestar Laboral; Gobernanza; Teoría Institucional; Sector Turístico; Países Europeos.

## 1. Introduction

While the tourism industry is often considered important in stimulating sustainable development, empirical evidence is still scarce and ambiguous (Fortanier and van Wijk, 2010). In particular, authors warn the need of widen the social (employment) dimension of sustainability in the hotel industry, both in the quantity of local employment and its quality. Indeed, the tourism industry is an important sector

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of the global economy and a significant generator of employment. According to the World Travel and Tourism Council (WTTC, 2014) in 2013 the direct global tourism revenues reached approximately US\$ 2,155.4bn, 2.9% of gross domestic product (GDP), and the indirect contribution was US\$ 6,990.3bn (9.5% of GDP). This industry generated 100,894,000 direct jobs (3.4% of overall employment), being the total contribution, including indirect jobs of 8.9% of total employment (265, 855,000 jobs). One year later, in 2014, Travel and Tourism's direct contribution to world GDP was US\$ 2.4 trillion (2014 prices) and 105 million jobs respectively (WTTC, 2015). Hence, generating employment is considered the most beneficial impact that the development of tourism has (Liu and Wall, 2005).

However, quantitative data about the obvious development of the sector clearly do not reflect the quality of those jobs. Baum (2007) characterized employment in the tourism industry as low-paid, exploited, and uncertain; in 2015 he states that problems relating to human resources (HR) in the industry remain the last issue to be addressed. Given that the HR is a key factor in the competitive advantage of this industry, it requires a greater understanding about the fact that well-being should be the focus of business strategies (Rok and Mulej, 2014) that contributes to a high-quality work performance both to employees and to entrepreneurs. Specifically, in the current paper well-being is understood as the set of employees' attitudes and feelings developed at the workplace (Diener, 2000) that affect both their labor and personal lives. In particular, extant literature states that well-being is conditioned by working conditions (e.g., Keith and Schafer, 1980) and influences on positive individual work attitudes and behavior (Boyd, 1997).

First, well-being is relevant when analyzing the labor context of the tourism industry for employees, since it is a labor-intensive sector that requires a severe labor shortage. Indeed, tourism employees face long hours in rotating shifts and night shifts, which also extend to weekends and holidays (Harris, O'Neill, Cleveland, and Crouter, 2007). Also, employees deal with part-time work, seasonal work (Jolliffe and Farnsworth, 2003) and very low salary (Riley and Szivas, 2003).

Second, tourism entrepreneurs play an important role in shaping tourism destinations (Russell and Faulkner, 2004) since entrepreneurs are one of the key elements in the development of the industry (Moscardo, 2014). Hence the study of their well-being also becomes an issue of particular relevance. Entrepreneurs' working conditions, as has already been noticed in previous studies, is characterized by longer hours; more irregular working days compared to employees (Eden, 1975) and increased workloads (Stephan and Roesler, 2010). Therefore their well-being might also be deteriorated.

The negative effect of the stressful and demanding working conditions on well-being has been extensively documented by previous research (e.g., Keith and Schafer, 1980). Hence, it is proposed that working conditions in the tourism industry should be considered one out of the different facets of the social tourism sustainability, as referred to the quality of jobs (Fortanier and van Wijk, 2010). In other words, the way to which the wealth and well-being generated by the tourism industry in a territory are distributed among the large firms and the local HR operating in the sector, as part of the local community (Bohdanowicz and Zientara, 2009). So, HR in this industry must be also considered when analyzing social tourism sustainability.

Given the relevance of offering to HR in this sector the opportunity to achieve well-being, it is important to understand the factors that condition it. The literature on HR management provides evidence of positive correlations between several organizations' policies and practices (e.g., communication, job participation, job design, work-family balance), and indicators of well-being (Gonçalves and Neves, 2012; Grant-Vallone and Donaldson, 2001). For example, work-life conciliation should aim to help employees and entrepreneurs balance personal and work contexts (Hughes and Bozionelos, 2007), so increasing their well-being. More specifically in the tourism industry low wages and limited economic benefits are among the factors that cause greater demotivation and lesser job satisfaction (Kusluvan, Kusluvan, Ilhan, and Buyruk, 2010). Organizations should ensure fair wage and avoid reducing costs at their expense, especially when working in this particular industry is the only option for local populations that depends entirely on this sector. Cheruiyot and Tarus (2015) suggest that perceived fair wage is one of the main factors of social responsibility with respect to employees. "The hotel owner may exhibit intrinsic virtues of being responsible, honest and trustworthy, ensuring that the employees are paid a fair wage for their labor" (Jamal, 2004, p. 534).

However, some empirical works have found evidence of the existence of significant differences in the way that organizations in different countries put policies to generate well-being into practice (Thite, Wilkinson, and Shah, 2012). In this respect, Brewster (2007) argues that certain societal institutions and their cross-national variations generate the existence of differences in national business systems. Specifically, institutions are both formal rules (e.g., legislation) and informal constraints (e.g., social

values, traditions), which set the ‘rules of the game’ organizations must respect (North, 1990). Because national institutional arrangements are different in different countries, it is said that organizations have to use organizational policies and practices that enable them to adapt to their environment (Brewster, 2007). If that is true, it can be expected that national institutions condition labor well-being. This argument is of high relevance because it should turn our attention toward the authorities and tourism governance in each country. Indeed, institutional environmental changes mainly derive from governments’ and supra-national agencies’ regulations, albeit they must be required also by markets and civil society demands (Greenwood Suddaby, and Hinings, 2002). For example, legislation is designed by government in the executive, legislative, judicial and bureaucratic areas (Williamson, 2000).

Based on these premises, this research aims to analyze the effect of institutions on well-being in the tourism industry. With this aim in mind, an empirical analysis is carried out using data from 27 European countries. The use of the European cross-national sample is highly suitable for this study as several institutional factors generate differences between European countries in terms of well-being. For example, different sociocultural traditions and legislative frameworks (Kelly, 2004) can play a relevant role in the defense of employee interests with respect to, among other aspects, minimal wages, work conditions, and social benefits (Brewster, 2007).

This research potentially offers three main contributions to the literature. First, when analyzing tourism sustainability, the environmental dimension has received substantial attention (Fortanier and van Wijk, 2010). However, it will be mainly the social dimension of sustainability, in the form of local employment, where the potential contribution of the industry is strongest (ILO, 2001). This relevance of social dimension of sustainability contrasts with the existence of scarce research of it (Fortanier and van Wijk, 2010). The present work studies job well-being in the tourism industry and hence it makes a contribution to the social sustainability line of inquiry. Second, this work analyzes the potential influence of institutions on the employees and entrepreneurs’ well-being in the tourism industry. Thus, it can advance our understanding of the antecedents of well-being examining the specific institutional conditions that determine well-being for this specific industry. Third, the influence of institutions on the employees and entrepreneurs in organizations are distinctly studied. This analysis let establish whether differences exist in the influence that institutions at country level exert on these two groups of HR. This line of enquiry may provide new evidences, thus permitting a clearer understanding of the real influence of institutions on well-being. So the conclusions of this study may guide authorities in the decision making process in order to guarantee enhanced policies in the governance of this industry to contribute to tourism sustainability.

## 2. Theoretical Issues

### 2.1. *Well-being at work*

Some researchers state a bidimensional focus to study well-being with two basic dimensions conceptualized as “pleasure” and “activation or arousal” (Warr, 1987). A high or low level of arousal and vice versa may accompany a particular degree of pleasure or displeasure, or a certain degree of mental activation can be pleasurable or disagreeable. Warr (1987) suggests that three main axes should be considered for measuring how well-being is affected: (1) Displeased-Pleased (e.g., fulfillment) that corresponds to the first dimension; (2) Anxiety or Discomfort-Comfort (e.g., positive and negative feelings of pleasure); and (3) Depression-Enthusiasm (e.g., positive and negative feelings of arousal). Warr (1987) suggests that these three main axes should be considered for measuring what affects well-being. They are considered in this paper.

Given the relevance of well-being it is significant to have a deep understanding of the factors that condition it. For example, with respect to employees, literature highlights that organizations can influence on their well-being by changing such dimensions of organizational contexts as working hours, tasks or rewards (Danna and Griffin, 1999). Indeed previous works provide evidence of positive correlations between several organizations’ practices (e.g., job participation, work-family conciliation, job design), and indicators of well-being (Gonçalves and Neves, 2012; Grant-Vallone and Donaldson, 2001). With respect to entrepreneurs, job security tends to be lower than for employees (European Commission, 2004). Despite, an entrepreneur experiences “procedural profit”. In other words, the fact of being an entrepreneur provides more gratification than the specific economic or material success that could be achieved (Block and Koellinger, 2009). Indeed, in tourism sector, one of the most important reasons to start a business is seeking autonomy and finding a desirable lifestyle (Chen and Elston, 2013). That perception of independence makes people feel more satisfied with their jobs (Hyttinen and Ruuskanen 2006), generating greater well-being (Stephan and Roesler, 2010).

In addition studies, such as the Global Report of GEM (2013) highlights that higher levels of entrepreneurs' well-being are evident in all areas, in comparison with people who are not owning a business. Literature shows that entrepreneurs enjoy greater independence, control and discretion, compared to employees who have to obey authority (Benz and Fray, 2008; Stephan and Roesler, 2010). They are healthier and less negative than employees (Patzelt and Shepherd, 2011), factors that undoubtedly contribute to their well-being. So, empirical studies have shown evidence that entrepreneurs have higher well-being at workplace than employees (Benz and Frey, 2004; Lange, 2012; Stephan and Roesler, 2010) that contrast with other findings that point out no differences well-being between employers and employees exist (Eden, 1975). So, based on the previous literature it can be expected:

H1: *Entrepreneurs' well-being will be higher than employees' well-being in the tourism industry*

## 2.2. Governance, institutions and well-being

Good governance involves the coordination of institutions and stakeholders (Mazon, Moraleda, and Fayos-Solà, 2012). In the tourism industry, the governance is based on sustainable planning and the need to integrate stakeholders in the development process (Gunn, 1993). Given that different stakeholders operate in the tourism industry, and they work ruled by their own procedures, standards, and goals (Kuenzi and McNeely, 2008), it is necessary that tourism policies formulated by authorities base on the coordination and collaboration of these stakeholders (Bengochea, 2009; Kerimo lu and Çiraci, 2008). Coordination and collaboration are necessary to implement policies aimed at good governance (d'Angella, De Carlo, and Sainaghi, 2010). However, in the tourism industry the stakeholders' coordination has been usually weak (Song, Liu, and Chen, 2013) and so the intervention of authorities is necessary (Fayos-Solà, 2004). In this context, the tourism governance is said to involve different mechanisms such as institutions to reach such cooperation (Bramwell and Lane, 2011).

Specifically, institutions consist of structures and activities that give meaning to social behavior (Scott, 1995; Sekiguchi, 2013) and act as constraints to reduce the range of feasible options through conditioning procedures (Selznick, 1949). Thus, it can be expected that organizations operating in similar environments use similar practices and become isomorphic (Poutsma, Lighthart and Veersma 2006). Scott (1995) differentiates cognitive, regulative and normative institutions. The regulative dimension refers to laws existing in a national environment; the normative dimension is more related to the cultural domain, e.g., values that are socially shared, and the cognitive dimension emphasizes cognition and an actor's shared perceptions of what is standard or taken for granted, e.g., suitable organizational practices (Scott, 1995). According to the institutional approach, the influence exerted by institutions on organizations occurs due to three different institutional pressures.

First, regulative institutions legally force organizations to adopt specific practices and these institutions include, among others, the influence of employment legislation and the government —i.e. coercive pressures (Farndale and Paauwe, 2007). Specially, labor regulation is enforced in organizations, and judicial system efficiency is crucial to the effectiveness of rules and regulations to impose the adoption of specific policies and practices in organizations. For example, regulative pressures may encourage managers to introduce initiatives for work-family conciliation at the workplace (Baek, Kelly, and Jang, 2012). Also, fiscal regulation conditions costs and tax incentives, which could be the reason why some organizations deal with financial constraints that result in poor labor conditions offered to employees. In addition, regulative institutions provide the level of competitiveness that entrepreneurs need to start up their businesses, thus offering a system of stimuli and business support programs (Busenitz, Gómez, and Spencer, 2000). All this would contribute to their well-being as it provides greater stability to their ventures.

Second, normative institutions define both socially acceptable goals —e.g. high profits— and appropriate ways to achieve them —e.g. organization competitiveness, labor exploitation, etc. (Scott, 1995), and hence they are frequently considered social values. For example, work-life balance might be referred as a socially desirable practice. If this practice is perceived as a moral obligation (Pasamar and Alegre, 2015), it will encourage organizations to adopt it and benefit well-being and will encourage entrepreneurs to adopt it in their own benefit. Also, when normative institutions regarding to uncertainty avoidance social values are low, uncertain situations do not cause individuals any anxiety so that their need for avoiding risks drops (Hofstede, 1984). In this case, employees and entrepreneurs could use their personal self-control and discretionary behavior to undertake actions to balance work and family, thus increasing their perception of well-being.

Third, as organizations and entrepreneurs face common challenges in the countries where they are located and in order to reduce the uncertainty caused by such challenges (Cantwell, Dunning, and Lundan, 2010), they apply standard solutions (Lu, 2002), thus mimicking both management fashion (Paauwe and Boselie, 2003; Sekiguchi, 2013) and successful policies and practices implemented by other organizations (Björkman, Fey, and Park, 2007)—i.e. cognitive pressures. Specially, after reviewing literature, it can be distinguished two broad categories of business practices to be imitated by organizations (Durán-Herrera and García-Cabrera, 2013): those focused on issues related to the organizations' environment such as entrepreneurial orientation or customer emphasis; and those other practices related to the development of organizations' internal resources, such as job training, appraisal systems (Paauwe and Boselie, 2003). When any of these organizational practices become institutionalized and many organizations conform to it, the practice causes institutional pressure (Lu, 2002).

So, the adoption and diffusion of policies and practices within and between different environments will be conditioned by institutions (Gooderham, Nordhaug, and Ringdal, 1999), thus affecting employees' and entrepreneurs' well-being. Although previous literature has focused on the study of regulative, normative and cognitive institutions mainly as individual dimensions (e.g., Chowdhury and Mahmood, 2012; Meyer, Estrin, Bhaumik, and Peng, 2009), the three institutional dimensions are interconnected, reciprocally reinforcing each other and taking the form of configurations of institutions (Szyliowicz and Galvin, 2010). Therefore, it can be stated that:

*H2: The higher the configuration of institutions in a particular country favorable to implementing policies and practices that favor well-being in the tourism industry, the higher the well-being in that country.*

### 2.3. Study method

#### 2.3.1. Data sources and context

To test the hypotheses, the current paper examines institutional influence on employees' well-being and entrepreneurs' well-being in tourism industry, combining individual-level data with country data at an international level. Therefore, for each respondent in a country, territorial data at the national level is aggregated in order to make it possible to analyze whether or not the level of well-being is conditioned by institutional conditions in the country where they work in the tourism industry.

Individual-level data is obtained from the fifth European Working Conditions Survey (EWCS), carried out in 2010 by the European Foundation for the Improvement of Living and Working Conditions. The target population under study involves workers aged 15 years and over (16 and over in Spain, the UK and Norway) who are employed and self-employed and reside in the country being surveyed. Country-level data is obtained from the 2010 World Competitiveness Yearbook (WCY) as other authors studying institutional conditions (Durán-Herrera and García-Cabrera, 2013; Gaur, Delios, and Singh, 2007) had previously used it. WCY (2010) offers data from 58 countries in the 2010 edition, counting among them 31 European countries although only 27 of them are also included in the European Survey on Working Conditions (2010). These 27 countries are analyzed in the present study because they coincide in both databases.

Some authors have provided arguments to justify comparative studies on work conditions in Europe, such as the different legislative frameworks in these countries (Kelly, 2004). We also test the aptness of this study by analyzing whether significant differences exist among countries with respect to employees' and entrepreneurs' well-being. The ANOVA test was used for a mean comparison. At the country level, significant differences are found between mean values for well-being in the two sub-samples (Table 1). These results justify the convenience of studying national institutions as determinants of the employee's and entrepreneur's well-being across Europe.

**Table 1: Anova Test by Well-being in 27 European countries**

Variables	Employees sample		Entrepreneurs sample	
	F	Sig	F	Sig
Country	4.095	.000	1.972	.005

### 2.3.2. Sample and procedures

The total number of interviews in the EWCS in 2010 was 43,816. In the light of the objective of this research that it applies only to the tourism industry, two sub-samples were obtained which contain 1,352 employees and 302 entrepreneurs 302 in 27 European countries –mainly countries belonging to the European Union (except Switzerland, Ukraine, Czech Republic and Russia) plus the former Yugoslav Republic of Macedonia, Montenegro, Albania and Kosovo. Later on, the information regarding the country's regulative, normative and cognitive institutions from WCY (2010) was aggregated to each individual in the sub-samples.

From a demographic perspective, the first sub-sample consists of employees who are, on average, female 58.1% and 33 years of age or younger (51.4%). With regard to their educational level, more than half of the respondents (50.4%) had reached the 'Upper secondary education'. The employees' tenure in the current organization was 5.24 years on average; the largest percentage of employees (34.3%) was concentrated in medium-sized organizations with 10 to 49 employees. With respect to the sub-sample of entrepreneurs in which more than half individuals had reached the 'Upper secondary education' (80.1%), are on average, male (62.9%) and 43.3 years of age or younger (53.6%). The largest percentage of entrepreneurs (43.5%) was concentrated in small-sized organizations with 2 to 4 employees.

Thus, on average, the employees sample has higher percentage of female, being younger and work in larger organizations than the sample of entrepreneurs, who are characterized by being older, with higher education, and to high extent men. This short comparison suggests that, generally speaking, the entrepreneurial job is more demanding than being employees in the tourism industry.

### 2.3.3. Measures

*Dependent variable.* A scale of three items to measure employee well-being was used. Specifically, the factor analysis, which was carried out (principal components estimation) with varimax rotation, included the following questions: a) How you have been feeling over the last two weeks - I have felt cheerful and in good spirits; b) How you have been feeling over the last two weeks - I have felt calm and relaxed; And c) How you have been feeling over the last two weeks - I have felt active and vigorous. The results show that the Kaiser-Meyer-Olkin (KMO) test and Bartlett's Test of Sphericity ( $\chi^2$ ) both offer satisfactory levels (KMO=0.735  $\chi^2=2.543,073^{***}$ ). The variance explained rises to 79.445%. The Cronbach alpha coefficients indicate that the scales used to measure employee well-being have internal consistency (0.870).

*Independent variables.* Institutions were measured using indicators from the World Competitiveness Yearbook (WCY) previously used by other authors (Durán-Herrera and García-Cabrera, 2013; Gaur et al., 2007). With regard to indicators, Gaur et al. (2007) selected 14 out of 321 available items in the 2001 edition of WCY that captured the dimensions of the regulative and normative institutions of a country's environment. Durán-Herrera and García-Cabrera (2013) updated and complemented Gaur et al. (2007) measurement compiling 21 out of 327 available items in the 2012 edition of WCY to study all three dimensions of institutions. The results show that the Kaiser-Meyer-Olkin (KMO) test and Bartlett's Test of Sphericity ( $\chi^2$ ) both offer satisfactory levels (KMO=0.737  $\chi^2=60,593.332^{***}$ ). The variance explained rises to 87.255%. The Cronbach alpha coefficients indicate that the scales used to measure well-being have internal consistency (0.783). The standardized values (mean is zero and standard deviation is one) of the factors obtained from the factor analyzes were used in the regression analyzes to test the hypotheses.

Factor 1 was called *Organizational practices aimed at internal resources and productivity*. This factor included institutional indicators such as: "labor productivity", "the productivity of companies is supported by global strategies", "corporate values take into account employee values", or "employee training is a high priority in companies". Factor 2 was named *Government practices to enhance business competitiveness* as it integrated institutional aspects such as: "legal framework encourages the competitiveness of enterprises", "political transparency exists", "bureaucracy does not hinder business activity", or "political responsiveness to economic challenges". The third factor was called *Society flexibility and openness to support competitiveness* as it included institutional aspects such as: "national culture is open to foreign ideas", "there is flexibility for people to face challenges", or "legal restrictions to foreign organizations do not exist". Finally, Factor 4 was called *Firm practices aimed at external conditions*, as it comprised institutional indicators such as the "entrepreneurship of managers", "company emphasis on the customer" and "companies' adaptability to market changes".

*Control variables.* The present study included two groups of control variables. At the organizational level, an organization size variable was measured through the total number of employees,

and has been used in several studies –e.g., Gooderham et al. (1999). At the individual level, the following variables were included: Gender (1: male; 2: female), Age (measured by the age of the interviewee) and level of education (0: Pre-primary education; 1: Primary education or first stage of basic education; 2: Lower secondary or second stage of basic education; 3: Upper secondary education; 3: Post-secondary non-tertiary education; 4: First stage of tertiary education; 5: Second stage of tertiary education). Several researchers have used these variables (e.g. Jensen, Patel, and Messersmith, 2013).

### 2.3.4. Data analysis

First, a correlation analysis was carried out between the independent variables in order to examine the possibility of bias due to multicollinearity in coefficient significance tests. Second, ANOVA test was used for a mean comparison in order to test the first hypothesis. Third, multiple linear regressions were used to test the second hypothesis, which let analyze the main effect of independent variables. To assess the potential for regression coefficient instability, collinearity diagnostics were also conducted in linear regressions through variance inflation factor (VIF) and condition number.

### 2.3.5. Results

Table 2 shows correlations between the variables for the full sample. Regarding multicollinearity in the data, the general rule of thumb is that the correlation between the independent variables should not exceed 0.75. In our sample, the highest correlation is between level of education and organizational size variables, at .172\*\*\*, suggesting that multicollinearity is not a problem. In addition, our tests for linear regressions (Table 4) show that the variance inflation factor values (VIF) range from 1.010 to 1.278, much lower than the recommended cut-off threshold of 10. The highest condition number for all the regressions is 14.369 lower than the recommended cut-off of 20. All these statistics suggest that multicollinearity is not a problem in the data.

**Table 2: Correlations, means and standard deviations**

	1	2	3	4	5	6	7	8	9
1. Well-being	1								
2. Organizational practices aimed at internal resources	-.048*	1							
3. Government practices to enhance business competitiveness	.047*	.000	1						
4. Society flexibility and openness to support competitiveness	.019	.000	.000	1					
5. Firm practices aimed at external conditions	-.076**	.000	.000	.000	1				
6. Organization size	.030	-.046	.003	.062*	-.045	1			
7. Gender	-.104***	-.116***	-.076**	.048*	-.059*	.038†	1		
8. Age	-.081***	-.004	-.069**	-.032†	-.013	-.103***	.109***	1	
9. Level of education	.098***	-.048*	.011	-.031†	.025	.172***	-.036†	-.131***	1
Mean	.0000	.0000	.0000	.0000	.0000	3.14	1.54	36.63	2.92
Standard deviation	1.000	1.000	1.000	1.000	1.000	1.244	0.498	12.765	1.114

Levels of significance: †p < .1, \*p < .05, \*\*p < .01, \*\*\*p < .001.

In Table 3 it is provided the results of the ANOVA test used for a mean comparison between employees and entrepreneurs with respect to their levels of well-being. Significant differences were not found, so hypothesis H1 is not supported. In particular, the mean value of the entrepreneur sub-sample (=-.0114297) is slightly larger than the employee sub-sample (=-.0081578), as theoretically expected, but the difference is not enough for being statistically significant.

**Table 3: Anova Test by Employees and Entrepreneurs**

Variable	Sub-sample	Mean	F	Sig
Well-being	Employee	-.0081578	1.143	.145
	Entrepreneur	-.0114297		

Table 4 shows the regressions estimated to analyze the direct effects proposed in the second hypothesis. The results from Model 1 and Model 2 (step 2) confirm H2 and verify the relevance that institutions exert on employees' and entrepreneurs' well-being. Specifically, we identify negative, and positive significant effects ( $\beta = -.063^*$ ,  $\beta = -.073^{**}$  and  $\beta = .066^*$ ) for employees sample. These effects were not similar to those identified for the sub-sample of entrepreneurs (Model 2, step 2) ( $\beta = -.105\ddagger$ ,  $\beta = -.089\ddagger$  and  $\beta = .089\ddagger$  respectively). Specifically, institutions have a significant capacity to increase or decrease well-being in the employees sample, whereas have a slight influence in the sample of entrepreneurs sample. These results offer evidence of the employees' well-being are more dependent of the environment and context conditions rather than entrepreneurs' well-being.

**Table 4: Results of models estimated and hypothesis tests**

Variables	Employees sample	Entrepreneurs sample
	Model 1 Employee' well-being	Model 2 Entrepreneurs' well-being
<b>Step 1: Controls</b>		
Gender	-.104***	-.075
Age	-.083**	.070
Level of education	-.097***	.151*
Organization Size	.022	.060
<b>Step 2: Controls + Main effects</b>		
Gender	-.118***	-.109 $\ddagger$
Age	-.081**	.049
Level of education	-.126***	.172*
Organization Size	.016	.029
Organizational practices aimed at internal resources	<b>-.063*</b>	<b>-.105<math>\ddagger</math></b>
Government practices to enhance business competitiveness	-.006	<b>.089<math>\ddagger</math></b>
Society flexibility and openness to support competitiveness	<b>.066*</b>	.063
Organizational practices aimed at external conditions	<b>-.073**</b>	<b>-.089<math>\ddagger</math></b>
$\Delta R^2$	1.3%	3%
$\Delta F$	4.328	2.259
$F$	7.132***	2.454 $\ddagger$
Final adjusted $R^2$	3.6%	3.8%
VIF Lower -Upper limits	1.010-1.278	1.049-1.145

Levels of significance:  $\ddagger p < .1$ , \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$ .



The results show that one out of the four configurations of national institutions (*Government practices to enhance business competitiveness*) identified in this study has not effect on the employees' well-being (Model 1 step 2) whereas it influences entrepreneurs' well-being. In addition, while institutional configuration related to Society flexibility and openness to support competitiveness affect positive and significantly in the development of employees' well-being, does not affect entrepreneurs' well-being. So, the results show that there exist differences in the influence of configuration of institutions on well-being at European organizations in the tourism industry.

### 3. Conclusions

The current research has aimed to analyze the effect of institutions on well-being in the tourism industry, and particularly distinguishing between employees and entrepreneurs in this industry. To this, the work uses a dataset obtained from 27 European countries that combined macro- and micro-level data, that is, information about national institutions and about HR level of well-being, respectively. First, our findings indicate that there is no statistically difference between entrepreneurs' well-being and employees' well-being. This contrast with the existence of an extensive literature that has found higher levels of entrepreneurs' well-being in comparison with employees (Benz and Frey, 2004; GEM, 2013; Lange, 2012; Stephan and Roesler, 2010), albeit some authors have no found differences in psychological well-being between employers and employees (Eden, 1975). An explanation for our results may be related to the specific conditions in the tourism industry. In particular, these results might suggest that working conditions in this industry put in a same position to entrepreneurs and employees with respect to well-being. For example, although entrepreneurs are said to enjoy autonomy and independence (Hyytinen and Ruuskanen 2006) and experience "procedural profit" (Block and Koellinger, 2009), among other advantages when comparing with employees, these positive working conditions are not enough to increase their well-being. Other adverse issues such as the less job security (European Commission, 2004), the long hours in rotating shifts and night shifts which also extend to weekends and holidays (Harris, O'Neill, Cleveland, and Crouter, 2007), among other stressful factors that are common for both entrepreneurs and employees in this industry, might justify these results.

Second, our findings indicate that institutional configurations of national regulative, normative and cognitive institutions influence on employees' and entrepreneurs' well-being. Consequently, our results support the thesis that the national environment determines attitudes and feelings developed at the workplace that affect both their labor and personal lives in the tourism industry. Among the four identified institutional configurations (*Organizational practices aimed at internal resources*, *Government practices to enhance business competitiveness*, *Society flexibility and openness to support competitiveness* and *Organizational practices aimed at external conditions*) this work confirms the importance of all of them to condition well-being. In particular, *Government practices to enhance business competitiveness* positively condition entrepreneurs' well-being, whereas *Society flexibility and openness to support competitiveness* positively condition employees' well-being. On the one hand, the first is a configuration based on legal framework that encourages the competitiveness of enterprises, the inexistence of bureaucracy that hinders business activity or the political responsiveness to economic challenges. All these institutions provide flexibility and efficiency to firms and facilitate greater stability to ventures, so positively conditioning entrepreneurs' well-being. On the other hand, *Society flexibility and openness to support competitiveness*, involves institutions such as national culture is open to foreign ideas, there is flexibility for people to face challenges or legal restrictions to foreign organizations do not exist. This set of institutions stimulates organizations to use more flexible posts that let HR to take an active role in the organization of their own daily work and hence in adapting it in order to successfully bridge work and family needs in this demanding industry. However, other two configurations of institutions, *Organizational practices aimed at internal resources* and *Organizational practices aimed at external conditions* erode well-being in all the analyzed sub-samples. It can happen because these institutions involve organizational practices that emphasize the firm's attention to other resources, policies and stakeholders different from the HR –e.g., labor productivity, the productivity of organizations is supported by global strategies, the customer orientation, etc.

Considering this, some pertinent questions that deserve to be answered can be formulated: What if the national institutions are unsuitable as they erode well-being in the tourism industry? Is the institutional environment a challenge for the well-being of employees and entrepreneurs who work in the tourism industry in Europe? Social tourism sustainability exists in these developed countries?

What about organizations' competitiveness in these countries if well-being is a prerequisite for HR to show positive work attitudes and behavior (Boyd, 1997)? How can organizations and entrepreneurs deal with the adverse institutional environment in order to effectively promote well-being? The answer to this question requires further research.

The current paper shows several important practical implications. First, because the institutions affect employees' and entrepreneurs' well-being, the tourism authorities should pay attention to the governance of this industry. Legislation and business practices in the tourism industry, among others institutions, and how they are applied in the country must be considered of high relevance to increase well-being as a form of social tourism sustainability. For example, bringing information about successful experiences of institutions that stimulate well-being into the public domain, or offering recognition to such organizations to show society they are valued can gradually introduce cultural values that encourage both the proper institutions and the use of business practices that increase well-being at work.

Finally, any generalization of the conclusions of this study is subject to a number of limitations. First, although the data used in this research is related to a great number of countries, it was compiled from 27 European countries. Thus, our results should not be fully generalized without first determining if the geographical context and the Western culture which characterizes the organizations and countries concerned, contributes to understanding the role of institutions as antecedents human resources' well-being in the tourism industry. Consequently, we recommend examining these results in comparison to other geographic locations, e.g., the Arabic world, and Asian cultures. The second limitation concerns our ability to make causal inferences from the data. This is limited by the use of a cross-sectional design. For example, our findings cannot describe how the same employees and entrepreneurs would perceive their well-being if institutional changes took place in their countries. Future research studying these variables would benefit from a longitudinal research design.

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