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# 9 HR investments in an employable workforce

## Mutual gains or conflicting outcomes?

*Jasmijn van Harten, Zoltán Lippényi and Paul Boselie*

### Introduction

The relevance of a sustainable workforce is receiving increasing attention from organizations (Kossek, Valcour, & Lirio, 2014; Pfeffer, 2010). Because of developments such as an aging population, ongoing technological advances, globalization and increased competition, there is an apparent need for a workforce that is resilient, productive, innovative and, accordingly, able to continuously deal with change. Therefore, employability, individuals' ability and willingness to work productively (Van Harten, Knies, & Leisink, 2015) or, put differently, to gain and maintain employment (Rothwell & Arnold, 2007) is attracting growing scholarly attention (Forrier, Verbruggen, & De Cuyper, 2015; Van Harten et al., 2017). Management theory and practice both assume that employability mutually benefits employees and employers. Organizations would benefit in terms of, for instance, increased work performance that may create competitive advantage (Van der Heijde & Van der Heijden, 2006), while employees experience enhanced well-being (Kirves, Kinnunen, De Cuyper, & Mäkikangas, 2014).

Organizations can stimulate their workers' employability through, among other things, human resources (HR) policies and practices that typically aim to support the growth and development of employees through training, and the successful management of the work–life interface through flexible work arrangements. However, whether such investments truly pay off in terms of increased performance and employee well-being remains unclear, as research on the effectiveness of human resource management (HRM) aimed at stimulating employability is still very limited (Van Harten et al., 2017).

As well as the lack of empirical evidence, the mutual benefits assumption can be questioned based on a broader debate in the HRM literature. On the one hand, literature reviews by Van de Voorde, Paauwe and Van Veldhoven (2012) and Peccei, Van de Voorde and Van Veldhoven (2013) support the mutual gains perspective by showing that HRM is generally associated with higher performance and employee happiness. On the other hand, reviews are also supportive of what is known as the conflicting outcomes perspective: while HRM boosts performance, it could simultaneously lead to work intensification, increasing

employee stress and the likelihood of burn out. In the context of HR practices that aim to boost employability, HR development practices could, for instance, improve employee performance while at the same time negatively affecting well-being due to strain from employees' development activities and inherent performance expectations.

The mutual gains and conflicting outcomes perspectives are often presented as contradictory. However, many existing studies make use of a composite index of HR practices instead of examining the impact of different sorts of HR policies and practices (Guest, 2017). Putting highly heterogeneous HR practices together overlooks the fact that they target different areas, and some practices may yield more conflicting outcomes than others. It therefore remains unclear which specific sets of HR practices contribute to performance and well-being (Ogbonnaya & Messersmith, 2018). Adjudicating between the two perspectives is nevertheless highly relevant for advancing successful HRM.

The aim of this chapter is to examine the extent to which two different sets of HR investments in employability relate to both employee performance and well-being. We study multiple performance and well-being variables, acknowledging the multidimensionality of these constructs (Guest, 2017) and provide a nuanced insight into the possible mutual gains and/or trade-off effects. We use data collected in multiple industries (both public and private) across nine countries in Europe to provide more robust and generalizable findings on the effects of employability investments in European organizations.

## **Theoretical background**

### ***HRM: state-of-the art research insights***

HRM refers to management decisions on policies and practices that together shape the employment relationship in and around organizations (Boselie, 2010). A vast body of literature aims to identify the mechanisms that determine how HRM ultimately affects organizational performance (Boxall, Guthrie, & Paauwe, 2016). The AMO-model is commonly used to explain the mediating mechanisms and states that employees show positive attitudes and desired behaviors (in other words, perform) when they have the abilities (A) in terms of skills and competences to do their job, are motivated (M) toward their job and have the opportunities (O) to perform or contribute. A meta-analysis by Jiang, Lepak, Hu and Baer (2012) has shown that HR practices designed to enhance employees' abilities, motivations and opportunities increase organizational performance. Two underlying psychological mechanisms explain this pattern. The human capital mechanism or the "cognitive path" explains that HRM stimulates employees' skills and abilities to solve work problems more effectively, resulting in better performance (Boxall and Macky, 2009). The "motivational path" suggests that HRM increases workers' satisfaction and other affective reactions and, in this way, ensures that employees want to perform and to continue to take responsibility for this, which will then lead to increased performance (Boxall and Macky, 2009).

Recently, Guest (2017) argued that the HRM literature is dominated by a performance focus. The main concern with such a one-sided approach is that “the search for a link between HRM and performance has been pursued at the expense of a concern for employee well-being” (Guest, 2017, p. 22), while changes in the nature and context of work call for an approach to HRM that stimulates both employee well-being and performance. In this contribution, we examine whether these outcomes can be achieved through HR investments in employees’ sustainable employability.

### ***HR investments in employability***

Employability can be defined as the extent to which workers are able and willing to work productively. The term ‘productive work’ refers to adequately performing one’s current job or, in the event of change, other tasks or jobs (Van Harten, Knies, & Leisink, 2015). Careers are extended because of an aging population and, in combination with other developments such as ongoing technological innovation, it is of vital importance that employees do not only have the ability to perform their current job, but are motivated to continue working in constantly changing work environments as well (Van den Broeck et al., 2014). This means that employability consists of up-to-date expertise or competences together with a willingness to continually develop and adapt to changes in the work environment. Such attributes help employees survive in contemporary turbulent labor markets (Thijssen, Van der Heijden, & Rocco, 2008).

It is argued that employability has benefits for both organizations and employees, and research shows the positive effects of employability on individuals’ job performance (Kinnunen, Mäkikangas, Mauno, Siponen, & Nätti, 2011), commitment (De Cuyper & De Witte, 2011) and health (Berntson & Marklund, 2007). Many organizations therefore develop and implement practices aimed at increasing their employees’ employability (Fleischmann, Koster, & Schippers, 2015; Veld, Semeijn, & Vuuren, 2015). However, research examining the effectiveness of these practices is largely lacking (Van Harten et al., 2017).

In addition, employability studies tend to focus merely on HR practices aimed at training and development, as such practices can stimulate the growth and maintenance of employees’ capabilities and motivations. Although development investments have been shown to contribute to employability, other sets of HR practices could be important as well (Van Harten et al., 2017). Development practices can be expected to primarily boost individuals’ capabilities and development motivations; however, as described above, employability consists of more than just these aspects. Offering flexible work arrangements could be another important way to boost employability as it enhances employee flexibility and adaptability by, among other things, providing employees with the opportunity to balance work and family demands (Stavrou, 2005).

In this study we aim to expand the focus on development HR in employability research and examine the performance and well-being effects of two

different sets of HR practices that are likely to stimulate employability: (1) training and development opportunities; and (2) flexible work arrangements. The two sets are included in this chapter as they are directly linked to the two elements of our definition of employability. As illustrated above, both sets can be expected to relate to these two elements; essentially, training and development opportunities can be expected to primarily stimulate abilities and development motivations, while flexible work arrangements are likely to primarily stimulate flexibility/adaptability motivations.

***Two perspectives on outcomes of HR investments in employability: mutual gains vs conflicting outcomes***

Before explaining how HR investments in workers' employability impact performance and well-being, we need to make clear that we focus on performance and well-being effects on the employee level as it is suggested that organizational outcomes are too distal for assessing the impact of HRM (Ogbonnaya & Messersmith, 2018; Takeuchi, Chen, & Lepak, 2009). We regard employee well-being as the overall quality of an employee's experiences and functioning at work and further conceptualize this into a happiness and health dimension (Van de Voorde et al., 2012). We narrow the concept of performance to employee performances, which refers to optimal functioning at work reflected in employee in-role and extra-role behaviors that contribute to organizational functioning (De Cuyper et al., 2014).

Regarded from the mutual gains perspective, HRM is assumed to have positive outcomes for both the organization and its workers: what is good for the employee is also good for the employer, and the other way around. First, performance benefits arise as HR practices provide the necessary operational control for employees to improve their skills and perform their jobs in line with organizational goals (Guest, 2017; Takeuchi et al., 2009). In line with this, research shows that HR investments boost employability skills and competences (Van Harten et al., 2015; Veld et al., 2015) and a positive link between employability and job performance has also been established (Kinnunen et al., 2011). Next, based on social exchange theory it is argued that employees interpret HR investments as indicative of their employer's supportiveness and care and reciprocate by showing higher levels of trust and organizational commitment, ultimately leading to better in-role and extra-role performance (Ogbonnaya & Messersmith, 2018). The social exchange argument has been corroborated in employability research as well, and studies have found positive links between HRM, employability, commitment and job performance (Camps, Oltra, Aldás-Manzano, Buenaventura-Vera, & Torres-Carballo, 2016; De Cuyper & De Witte, 2011; Solberg & Dysvik, 2015). Next to performance benefits, the mutual gains perspective argues, among other things, that HRM leads to employees experiencing greater well-being – for example, in terms of job satisfaction – as they feel valued by their employer. HR investments in employability could improve well-being as well, as employable individuals are likely to be able

to cope with the changes and uncertainty in current labor markets better than workers with low levels of employability, which could lead to them experiencing less stress and being more satisfied (Berntson & Marklund, 2007; Kirves et al., 2014). The most optimistic view of the mutual gains perspective regards HRM as directly impacting well-being and performance, and to have an additional mediated effect on performance via increased employee well-being (Van de Voorde et al., 2012). The ‘happy workers are productive workers’ thesis further supports this view (Wood, Van Veldhoven, Croon, & De Menezes, 2012).

The conflicting outcomes perspective in turn holds that well-being and performance are two distinct goals that are influenced by different sets of HR practices. This means that high-performance investments do not significantly influence employee well-being (Van de Voorde et al., 2012). The most pessimistic view of the conflicting outcomes perspective even claims that increased performance is achieved at the cost of reduced employee well-being, implying that organizations must make trade-offs as to which outcomes to invest in (Peccei et al., 2013). More specifically, it is argued that employees may experience work intensification resulting in increased stress in an organization that invests in high performance (Ogbonnaya & Messersmith, 2018). Some authors go further, referring to high expectations or demanding practices, the sole purpose of which is that employees internalize norms regarding high levels of effort. Such criticisms of the exploitative nature of HRM (Legge, 1995) claim that HRM may increase performance, while at the same time having negative consequences for employee well-being (Wood et al., 2012). HR investments in employability could also produce trade-off effects. For example, intensive training or development programs could help to improve employability and subsequently increase job performance, but at the same time they can intensify work, resulting in stress and decreased satisfaction with work–life balance.

Reviews by Van de Voorde et al. (2012) and Peccei et al. (2013) show that HRM is generally associated with higher organizational performance and employee happiness (mutual gains), yet is negatively related to employee health (conflicting outcomes); however, the latter needs to be further researched as the empirical evidence is lacking. Moreover, there is a need for research that investigates the performance and well-being effects of different sets of HR practices instead of treating HRM as a composite measure, as the effects could differ depending on the specific set of HR practices (Ogbonnaya & Messersmith, 2018). Taken together, we expect the employability HR sets of (1) training and development opportunities and (2) flexible work arrangements to positively relate to employee performance (Hypothesis 1). In line with the mutual gains perspective, we also expect a positive relationship between the sets of HR practices and the happiness dimension of employee well-being (Hypothesis 2a). Based on the conflicting outcomes perspective, we expect the HR sets to non-significantly or even negatively (pessimistic view) relate to the health dimension of well-being (Hypothesis 2b). Finally, in line with the optimistic view of the mutual gains perspective, we expect the HR sets to have an indirect positive performance effect through increased

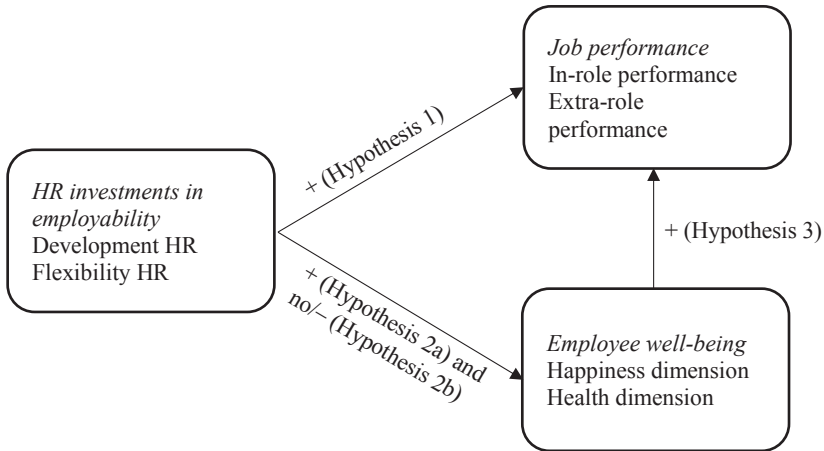


Figure 9.1 Conceptual model.

well-being on the happiness dimension (Hypothesis 3). This results in the research model in Figure 9.1.

## Methods

### Data

For our analyses we used the Employee Questionnaire from the European Sustainable Workforce Survey (ESWS) dataset. The sampling and data collection are described in detail in Chapter 2 of this book. As HR practices are typically accessible to employees, we excluded workers who were not formally employed by the organization (e.g., agency workers, interns,  $n = 266$ ). Analyses are based on 10,654 employees from 259 organizations in nine countries (UK, Germany, Finland, Sweden, Netherlands, Portugal, Spain, Hungary and Bulgaria) and six industries (manufacturing, healthcare, higher education, transport, finance and telecommunications).

### Measurements

#### *Independent variables*

The set of *flexible work arrangements* was measured through respondents' perceptions of whether telecommuting, flexible work schedules and commuting time could be counted as working time. Items were measured by asking for "yes," "no" and "do not know" answers, and were dichotomized by collapsing the "no"/"do not know" answers. For the analysis, we created a composite scale by performing

principal component analysis on the polychoric correlation matrix of the dichotomous items (Kolenikov & Angeles, 2004). All polychoric correlations have correlations above 0.4. The *training and development* set was measured with a single item – the number of training days provided by an external trainer in which the respondent participated in the last 12 months. Items measuring perceptions of training availability were not measured in the Employee Questionnaire; we therefore resort to the participation measure.

### *Dependent variables*

*Well-being.* We distinguished two dimensions of well-being, happiness and health. The happiness dimension was first captured using a 3-item affective organizational commitment scale (Allen & Meyer, 1996) ( $\alpha = 0.85$ ) and, second, with a single-item scale measuring overall job satisfaction measure (see Knies, Leisink, & Van de Schoot, 2017). Third, happiness with the work–life interface was added because it is increasingly argued that comprehensive evaluations of employee happiness should consider the employee as a whole, and therefore include the balance of work and non-work demands (Brough et al., 2014). The variable was measured with a single work–life balance satisfaction item (“How satisfied are you with the time you spend on paid work versus the time you spend on other parts of your life?”) taken from the scale developed by Valcour (2007), ranging from 1 (extremely dissatisfied) to 10 (extremely satisfied). The health dimension was measured using a 4-item scale of perceived time pressure adapted from Garhammer’s (2002) index of time pressure ( $\alpha = 0.85$ ), as an early indicator of burn out risks, and a single item self-reported general health measure (Pejtersen, Kristensen, Borg, & Bjorner, 2010).

*Job performance.* To measure this construct, we used the Individual Work Performance scale developed to measure different dimensions of self-evaluated performance. The instrument has good psychometric properties as well as invariance to cultural context and job type (Koopmans, Bernaards, Hildebrandt, De Vet, & Van der Beek, 2014). Our scale consists of two dimensions: task performance (five items,  $\alpha = 0.86$ ) and extra-role behavior (four items,  $\alpha = 0.79$ ).

### *Control variables*

To account for worker and workplace characteristics that may correlate with the utilization of HR investments and are likely to influence employee well-being and performance, we included respondents’ years of education, gender, age, years of firm tenure, salary and supervisory position as controls. Moreover, following Guest (2017), we included a 4-item scale of self-reported work autonomy ( $\alpha = 0.86$ ) as this variable is found to be a key job characteristic that has a vital impact on employee well-being and performance.



## Results

### *Descriptives*

Table 9.1a shows that there were significant differences between industries in the perceived availability of HR sets. Notably, employees in the higher education and telecommunications industries perceived significantly more flexible work arrangements compared to manufacturing, transport, financial services and health care. Next, employees perceived quite significant autonomy, with the same pattern that employees in higher education and telecommunications perceived more autonomy in comparison to the other industries. Turning to our dependent variables, employees were rather positive about their own level of task performance but reported slightly less extra-role behavior. The well-being scores (Table 9.1b) were quite positive; employees were, for instance, quite satisfied with their jobs and assessed their general health as rather good, yet they were less satisfied with their work–life balance. Table 9.2 shows the correlations between this study’s variables, which are small to medium-sized and mostly positive.

### *Hypotheses 1 and 2: direct effects on performance and well-being*

We tested our hypotheses using multivariate regression analyses. Slightly under half of the HR sets’ direct effects on the performance and well-being variables were positive and significant (Table 9.3). One effect was negative and significant, and the other half of the effects were non-significant. To further elaborate, we analyze the effects separately. The HR set of flexible work arrangements was positively related to extra-role behavior ( $\beta = 0.06$ ) and to most of the well-being variables, but at the expense of task performance ( $\beta = -0.06$ ). Participation in training and development opportunities positively impacted affective commitment ( $\beta = 0.04$ ) but had no significant effect on the remainder of the well-being variables, nor on the performance variables. These results only weakly support Hypothesis 1, as only the HR set of flexible work arrangements had a positive performance effect (extra-role behavior), but it also had a negative performance effect (task performance). Training and development did not directly affect performance. We found more robust support for Hypothesis 2a as flexible work arrangements had positive effects on the happiness well-being variables and training and development practices had a positive effect on affective commitment. However, the non-significant effects of training and development practices on most happiness well-being variables (except commitment) contradicted Hypothesis 2a. We also found some support for Hypothesis 2b – for instance, we found that the development HR set was non-significantly related to health outcomes – yet flexible work arrangements positively impacted general health perceptions, which contradicts Hypothesis 2b.

Table 9.1a Sample estimated means of scale measures: full sample and sector comparisons

	Full sample		I		II		III		IV		V		VI	
	Mean	Min/max	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
Flexible work	0.82	0/3	ref.	-1.04***	0.71***	-0.11†	0.17***	0.77***						
Extra-role behavior	8.82	0/16		-0.13***	0.18***	-0.21***	0.19***	0.22***						
Task performance	13.86	0/20		0.03	-0.003	-0.05	-0.004	0.03						
Affective commitment	8.29	0/12		-0.13***	0.03	-0.07†	0.13**	0.0001						
Time pressure	7.20	0/16		0.05*	0.12***	0.06*	0.18***	0.15***						
Job autonomy	11.05	0/16		-0.12***	0.18***	-0.17***	-0.02	0.14***						

Notes

N = 10,654.

Full-information ML estimates of means.

Sectors: I – Manufacturing; II – Health care; III – Higher education; IV – Transport; V – Finance; VI – Telecommunications.

Scale measures are calculated as a sum of constituting items for total sample descriptions.

Sector comparison results are from multi-group analysis. Intercepts/thresholds and factor loadings of indicators constrained equal across groups and the means of latent scales are constrained to be zero for identification purposes in sector I (manufacturing).

†  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$  (2-sided).

Table 9.1b Sample estimated means of single-item measures: full sample and by sector

	Full sample		I		II		III		IV		V		VI	
	Mean	Min/max	Mean	Min/max	Mean	Min/max	Mean	Min/max	Mean	Min/max	Mean	Min/max	Mean	Min/max
Training AND development	2.45	0/365	2.67		2.57		2.09		2.02		2.85		2.41	
Job satisfaction	5.98	0/9	5.89		5.95		6.16		5.84		6.00		6.12	
Work-life balance	5.22	0/9	5.17		5.22		5.36		5.04		5.20		5.38	
General health	2.88	0/4	2.85		2.82		2.89		2.88		2.94		2.94	
Hourly wage (euro)	11.95	0.01/339	11.28		1.42		13.57		11.28		13.53		13.49	
Contracted working hours	36.42	2/58	38.20		34.19		34.98		38.31		36.50		38.28	
Female gender	0.56	0/1	0.38		0.80		0.63		0.38		0.64		0.39	
Age	42.42	14/81	42.49		44.16		44.37		42.47		39.25		38.16	
Tenure	11.01	0.08/55	11.53		12.55		11.35		1.08		9.72		7.98	
Temporary contract	0.09	0/1	0.05		0.09		0.24		0.06		0.05		0.04	
Supervisory position	0.20	0/1	0.23		0.15		0.22		0.23		0.14		0.20	
Years of education	14.24	6/20	13.31		13.96		16.22		13.35		14.46		14.55	

Notes

N = 10,654; full-information ML estimates of sample means.

Sectors: I – Manufacturing; II – Health care; III – Higher education; IV – Transport; V – Finance; VI – Telecommunications.

Table 9.2 Bivariate correlations between the main study variables

	1	2	3	4	5	6	7	8	9
1 Flexible work HR									
2 Training & development HR	0.04								
3 Job autonomy	0.26	0.03							
4 Extra-role behavior	0.25	0.05	0.34						
5 Task performance	-0.01	0.02	0.32	0.29					
6 Affective commitment	0.12	0.05	0.27	0.26	0.25				
7 Job satisfaction	0.14	0.01	0.21	0.14	0.26	0.42			
8 Work-life balance	0.16	0.02	0.28	0.19	0.27	0.54	0.69		
9 Time pressure	0.00	0.02	-0.12	0.08	-0.22	-0.22	-0.42	-0.30	
10 General health	0.09	0.02	0.13	0.10	0.15	0.18	0.21	0.22	-0.21

Note

N = 10,654; full-information ML estimates; scale variables are calculated as sum of standardized factor scores.

Table 9.3 Results from structural equation models – standardized direct effects

	Extra-role behavior	Task performance	Affective commitment	Job satisfaction	Work-life balance	Time pressure	General health
Affective commitment	0.17 <sup>****</sup>	0.10 <sup>***</sup>					
Job satisfaction	0.001	0.07 <sup>***</sup>					
Work-life balance	0.04 <sup>**</sup>	0.06 <sup>***</sup>					
Time pressure	0.17 <sup>****</sup>	-0.11 <sup>***</sup>					
General health	0.03 <sup>**</sup>	0.06 <sup>***</sup>					
Flexible work HR	0.06 <sup>****</sup>	-0.06 <sup>***</sup>	0.08 <sup>****</sup>	0.05 <sup>****</sup>	0.05 <sup>***</sup>	0.01	0.03 <sup>**</sup>
Training & development HR	0.02	0.00	0.04 <sup>***</sup>	0.02	0.02 <sup>†</sup>	0.00	0.01
Job autonomy	0.26 <sup>****</sup>	0.28 <sup>****</sup>	0.24 <sup>****</sup>	0.27 <sup>****</sup>	0.21 <sup>****</sup>	-0.16 <sup>****</sup>	0.11 <sup>****</sup>

Notes

N = 10,564; full-information ML estimates using cluster-robust standard errors (adjusting for organizational clustering of employees).

Additional controls: years of education, supervisory position, employment contract type, company tenure, age, gender, contracted working hours, log hourly wage, public sector employer, log organization size, industry x country.

†  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*\*  $p < 0.001$  (2-sided).

Table 9.4 Indirect, direct and total effects of HR investments and job autonomy on extra-role behaviour and task performance

	<i>Flexible work</i>	<i>Training AND development</i>	<i>Job autonomy</i>
<i>Extra-role behavior</i>			
Total indirect effect	0.02***	0.01***	0.03***
Indirect effect via happiness	0.02***	0.01***	0.06***
Indirect effect via time pressure	0.001	-0.001	-0.03***
Indirect effect via general health	0.002***	0.001†	0.004***
Direct effect	0.04***	0.02*	0.26***
Total effect	0.07***	0.03***	0.30***
<i>Task performance</i>			
Total indirect effect	0.02***	0.01***	0.08***
Indirect effect via happiness	0.02***	0.01***	0.05***
Indirect effect via time pressure	-0.001	0.001	0.02***
Indirect effect via general health	0.004***	0.001†	0.01***
Direct effect	-0.08***	-0.003	0.26***
Total effect	-0.06***	0.008	0.34***

## Notes

Statistical inferences on indirect, direct, and total effects are based on bootstrapped standard errors (N of bootstrap samples = 500); bootstrap sampling was performed on cases with complete data within organizational strata (N = 7,197).

Robustness tests of the original sample comparing complete case and full-maximum likelihood analyses produced close to identical estimates.

Additional controls: years of education, supervisory position, employment contract type, company tenure, age, gender, contracted working hours, log hourly wage, public sector employer, log organization size, industry x country.

†  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$  (2-sided).

### **Hypothesis 3: Mediation of well-being**

To simplify interpretation, we performed mediation tests by combining job satisfaction, work–life balance and affective commitment on a scale measuring the happiness well-being dimension ( $\alpha = 0.78$ ). The two variables tapping into the health dimension, self-reported general health and perceived time pressure, had a small-to-moderate but significant correlation ( $r = -0.25$ ), and we decided against combining these items. Table 9.3 shows that most of the well-being variables were positively related to job performance; although work pressure was negatively related to task performance, it was positively related to increased extra-role behaviors. Our mediation results (Table 9.4) show that both HR sets had positive indirect effects on extra-role behavior and task performance via the happiness well-being dimension, supporting Hypothesis 3. In addition, the mediation effects of flexible work arrangements through the general health construct were also positive though substantially weaker. The mediation effects through time pressure were non-significant.

### **Control variables' effects**

Job autonomy had substantive positive effects on the outcome variables. As can be seen from Table 9.3, job autonomy was the main driver of extra-role behavior ( $\beta = 0.26$ ,  $p < 0.001$ ), task performance ( $\beta = 0.28$ ,  $p < 0.001$ ) and work–life balance ( $\beta = 0.21$ ,  $p < 0.001$ ). Table 9.4 indicates that job autonomy also had positive indirect effects on the performance variables mediated through well-being, and these effects were generally stronger than those of the HR sets.

Besides job autonomy, the control variables working hours, hourly wage, supervisory function, age and education had significant positive effects on extra-role behavior. Women reported higher, and older workers lower, task performance. The regression models reveal notable sectoral effects. Workers in higher education, financial services and telecommunications exhibited higher levels of extra-role behavior than workers in the other sectors. Workers' commitment, as well as their experienced time pressure, was higher in the financial sector.

### **Conclusions and discussion**

This chapter has examined whether HR investments in employability are able to fulfill the promise of enhancing both employee performance and employee well-being or whether there are trade-off effects. We found much more convincing evidence for the mutual gains perspective, but also found some instances of conflicting outcomes (in line with Van de Voorde et al., 2012). This means that HR investments in employability generally contribute to both employee performance and employee well-being while at the same time – and depending on the HR set under investigation – they can have trade-off effects as well, meaning that either performance or well-being is sometimes non-significantly or even negatively affected.

The mutual gains perspective was corroborated by the mediation results. These demonstrate that both HR sets contribute to the happiness and health dimensions of well-being and indirectly (mediated through most of the well-being variables) to employee performance. It is important to point out that the positive performance effects were to a considerable extent indirect, mediated through well-being. This means that employee well-being and employee performance are not contradictory but mutually enforcing (optimistic mutual gains view).

In line with the conflicting outcomes perspective, we found, for example, that flexible work arrangements had a direct negative effect on in-role performance, while positively contributing to happiness-related well-being. While this trade-off effect has not been suggested by the conflicting outcomes HRM perspective so far, conflicting effects of flexible work arrangements have been demonstrated elsewhere. For instance, studies have found contradictory effects of telecommuting on different outcome domains: telecommuting has been shown to increase job satisfaction (Golden & Veiga, 2005), but it can also lead to an extension of working hours into employees' own time (Glass & Noonan,

2016) and increased work–family conflict, while it has no positive or negative impact on task performance (Van der Lippe & Lippényi, 2018). For flextime and compressed workweeks, the meta-analysis of Baltes, Briggs, Huff, Wright, and Neuman (1999) reveals mostly positive effects on job satisfaction, but positive effects on absenteeism and performance ratings were very modest and, in most studies, non-significant. These findings strengthen our initial message to HR scholars that a multi-dimensional analysis of HR investments is needed to understand how HR investments produce mutual gains and conflicting outcomes.

Next, the results regarding the development HR set provide support for the skeptical conflicting outcomes view in which it is thought that the set of HR practices that stimulates performance is not necessarily the same set that impacts well-being (Van de Voorde et al., 2012). That is, participation in training and development only contributed to affective organizational commitment and indirectly to employee performance, while it was not significantly related to the other well-being variables. The positive relationship with commitment is interesting to note, though, as it falsifies the so-called employability management paradox which states that employees are likely to leave the organization when they perceive their employability to have increased as a result of development investments (De Cuyper & De Witte, 2011).

Finally, our findings indicate that the control variable of job autonomy appeared crucial for both employee performance and employee well-being. This variable is often seen as a key job resource that employees need to be able to properly function in the workplace (Guest, 2017). Also, employability studies (Van Emmerik, Schreurs, De Cuyper, Jawahar, & Peeters, 2012) have found that job autonomy is an important driver. This means that besides stimulating workers' employability by providing them with supportive HR practices, employers should ensure that employees have sufficient autonomy in their jobs to benefit from employability in terms of increased performance and well-being, possibly leading to more workplace productivity and cohesion.

Our study makes several scientific contributions. First, we add rigorous empirical evidence to the topical HRM debate on mutual gains vs conflicting outcomes. Our results show a mutual gains dominance, but also show that these effects should not be overestimated. While HR investments in employability generally boost employee performance and their affective commitment or job satisfaction – perhaps because of more challenging work – in some instances this could lead to employees experiencing more stress at work as well. Recently, Ogbonnaya and Messersmith (2018) have drawn similar conclusions, but pointed out that stressful work need not always carry a negative connotation. Indeed, short-term stress need not be problematic, but once it leads to long-term negative health reactions (e.g., burn out), the sustainability of the workforce could be in danger. Our results provide the first indications on such negative health reactions, but further research is needed to investigate this issue further.

Second, by showing that the HR sets we distinguished had different effects, this chapter provides sophisticated empirical support for the call that HRM



research should not simplify HRM into an index measure, but instead distinguish multiple sets of HR practices (Guest, 2017). The concept of HR sets acknowledges that HR policies can be bundled based on their purpose (HR system approach) and, at the same time, it provides the opportunity to detect nuanced effect patterns that would not have been found using a composite measure of one HRM system. In addition, our results are quite generalizable as we used multiple industries data across nine European countries.

Third, by distinguishing different outcome domains, analyzing both in-role and extra-role performance and happiness and health well-being, we were able to show that HR investments in employees' employability have domain-specific effects, which is a significant step toward understanding the mechanisms behind mutual gains and conflicting outcomes.

Our research is not without its limitations, however. First, we used cross-sectional data based on self-reported measures. This presents the possibility of common-method bias and means that one should be careful when drawing definitive conclusions on the causality of the relationships between HRM, performance and well-being. Second, we assumed that the HR sets stimulate employees' employability and consequently boost their performance and well-being. However, we did not measure employability in itself and can only argue that the concept acts as a mediating mechanism based on theoretical arguments and other research (Van Harten et al., 2015). Third, only in the case of the HR development set did we have data on the level of training participation for the whole sample, while for flexible work arrangements, participation was only asked about in respect of those who perceived their availability. For further research, the intensity of participation in HR sets, and under which circumstances they are implemented, could be important explanatory mechanisms and provide additional insight into the performance and well-being effects.

In conclusion, this chapter's mutual gains results show the relevance for employers of investing in their workers' employability by providing them with ample development opportunities and the space to work flexibly. Benefits do materialize for performance, but they generally do so indirectly by improving employee well-being. Our results suggest that it is important for organizations to offer a diversified HR system to improve both employee well-being and employee performance.