

HRM, Employee Well-being and Organizational Performance: A Systematic Review of the Literature



Mr. Rajeshwar Abhay kumar Pandey

Ph.D Research Scholar

ABSTRACT

In the literature, two competing views stand out with respect to the position of employee well-being at work in HRM - performance research. Employee well-being is described here according three dimensions: happiness, health, and relationships. This review examines which of the competing perspectives, 'mutual gains' or 'conflicting outcomes' is more appropriate to describe the role of these three employee well-being components as found in empirical research. It covers 41 studies published from 1995 to 2008. Based on the quality of the studies and the consistency of the study findings, it is concluded that employee well-being in terms of happiness and relationships function as mutual gain with performance. Health-related well-being, however, seems to function as conflicting outcome with performance. Directions for future research and theoretical development are suggested.

INTRODUCTION

Starting with the ground-breaking study of Huselid (1995) which claimed that Human Resource Management (HRM) has a substantial impact on financial performance, a large body of research examining the impact of HRM on organizational performance has been published in the last decade (e.g. Boselie, Dietz & Boon, 2005; Combs, Liu, Hall & Ketchen, 2006). In this context HRM refers to: 'All those activities associated with the management of people in firms' (Boxall & Purcell, 2008: 1). Lately there have been calls to focus more on employee-centered outcomes and not only on the effects of HRM on organizational performance (Guest, 1999; Nishii & Wright, 2008). Boxall and Makcy (2009) described this emergent research interest as: We find ourselves in the midst of a lively debate over the impacts of HRM on firms and on workers. Some scholars see benefits for both... while others question the gains for firms... or for workers... and some, quite properly, question the value for both parties... (page 4).

In the literature, two competing views stand out with respect to the position of employee outcomes in the area of HRM – organizational performance research. In the first view, employers and employees both benefit from HRM (Appelbaum, Bailey, Berg & Kalleberg, 2000; Guest, 1997) (so-called mutual gains perspective). In contrast, in the second view authors argue that HRM pays off in terms of organizational performance, but has no or even a negative impact on employee interests (e.g. Legge, 1995; Ramsay, Scholaris & Harley, 2000) (so-called conflicting outcomes perspective). Capturing this emerging research interest, the current study examines which of the competing perspectives, 'mutual gains' or 'conflicting outcomes', is more appropriate. Given the emerging importance of employee well-being in explanatory models of the link between HRM and performance on the one hand (e.g. Nishii & Wright, 2008; Paauwe & Richardson, 1997) and the importance of employee well-being as an important outcome in its own right on the other (Peccei, 2004), we study employee interests in terms of employee well-being at work in this study.

Prior reviews of empirical research on the HRM - performance linkage (Becker & Gerhart, 1996; Becker & Huselid, 1998; Boselie et al., 2005; Combs et al., 2006; Ferris, Arthur, Berkson, Kaplan, Harrell-Cook & Frink, 1998; Wall & Wood, 2005; Wood, 1999; Wright & Boswell, 2002; Wright, Gardner, Moynihan & Allen, 2005) as well as reviews of empirical research on the effects of HRM on employee well-being at work (Appelbaum, 2002; Peccei, 2004) have provided us with useful information. Combs et al. (2006) concluded that HRM is positively related to performance; on the other hand Appelbaum (2002) found that it is difficult to draw any definitive conclusions about the effects of HRM on employee well-being. Unfortunately, evidence on relationships between the concepts of HRM, employee well-being and organizational performance were reviewed separately. As far as we know, an updated review in which evidence on linkages between HRM, employee well-being, and organizational performance is searched and synthesized in a critical manner has not yet been conducted. Hence, the current study provides a review of quantitative studies relating HRM, employee well-being, and organizational performance.

The contribution of this review is to examine which of the competing theoretical perspectives (Wall & Wood, 2005), mutual gains or conflicting outcomes, provides a better fit for the role of employee well-being. By reviewing studies on the effects of HRM on employee well-being and performance at the same time, this study contributes to further understanding on the effects of HRM on multiple stakeholders by including management as well as employee-centered outcomes. This is an important issue as the practical implications of these two lines of thought differ. Evidence for mutual gains implies that adopting HRM activities increases performance and at the same time increases employee well-being. However, if the conflicting outcomes perspective is more valid, HRM activities positively affect organizational performance, but have a detrimental effect on employee well-being. To start with, first we clarify our approach to the concepts of employee well-being, HRM and organizational performance. Subsequently, we elaborate on the mutual gains and conflicting outcomes perspectives, resulting in two competing hypotheses.

EMPLOYEE WELL-BEING

Although employee well-being has become an important topic in scholarly research journals, there is considerable variation in the conceptualization of well-being (Danna & Griffin, 1999). A first distinction can be made between people's overall well-being or happiness and more specific domains of well-being such as family or work (Diener, Suh, Lucas & Smith, 1999). In this review the interest is on well-being at work, as the aim of this review is to examine linkages between two 'work' concepts of management activities (HRM), and organizational performance. Employee well-being at work can broadly be described as the overall quality of an employee's experience and functioning at work (Warr, 1987).

Secondly, different dimensions of employee well-being at work are distinguished in the literature, for example, job satisfaction and job stress. Within the organizational context, two general types of employee well-being are differentiated (Danna & Griffin, 1999; Grant, Christianson & Price, 2007). In the first type, employee well-being is focused on subjective experiences and functioning at work. This refers to job-related experiences as overall job satisfaction, facet specific work satisfaction (e.g. satisfaction with pay, promotion opportunities), and organizational commitment. On the other hand work-related health is distinguished. Health in the workplace encompasses both physiological and psychological indicators related to employee health (Danna & Griffin, 1999), for example job strain, or job stress. In sum, both dimensions are defined as properties of the individual employee.

More recently, Grant et al. (2007) added social well-being as an important third dimension. It should be noted that this dimension is somewhat distinct from the dimension of subjective experiences and the health dimension. Whereas these latter dimensions are individual focused, this dimension is focused on interactions that occur between employees or between employees and their supervisor or the organization they are working for (e.g. trust, cooperation, morale). We decided to include this dimension on relationships as well, for the reason that this dimension is frequently used in conceptual models (e.g. social exchange literature, HRM

process models, competing values model of organizational culture and climate) and empirical studies (e.g. Bartel, 2004; Gelade & Ivery, 2003; Guerrero & Barraud-Didier, 2004; Mathieu, Gilson & Ruddy, 2006).

It is important to make a distinction between these dimensions of well-being at work, because in most of the conceptual models linking HRM to performance, different dimensions of employee well-being are included. For example job satisfaction (Appelbaum et al., 2000; Guest, 2001; Paauwe & Richardson, 1997) and job stress (Appelbaum et al., 2000; Guest, 1999). Moreover, it is possible for trade-offs to exist between different dimensions of well-being (Grant et al., 2007). For example work redesign practices can enhance job satisfaction, but can also cause physical strain at the same time (Campion & McClelland, 1993). Appelbaum (2002) also argued that HRM might have contradictory effects; HRM might positively influence commitment, satisfaction and trust, but this might be at the cost of increased stress levels.

Hence, in this review study, empirical articles are classified by the following three types of work-related well-being: health, happiness and relationships well-being (Grant et al., 2007). The operationalization of employee well-being widely differs across empirical research (Danna & Griffin, 1999). Therefore, the above introduced categorization serves as an a priori guiding framework, and the three dimensions will be further classified during the reviewing process (the examples provided below are for illustrative purposes).

The happiness component refers to subjective experiences of employees i.e. their psychological well-being, for example job satisfaction and organizational commitment. The second component, health, encompasses physiological or psychological indicators related to employee health (Danna & Griffin, 1999), like organizational stress and need for recovery. The relationships component of employee well-being, social well-being, focuses on the quality of relations between employees and their employer and colleagues, for example: trust, social support and cooperation (Grant et al., 2007). In this way the conceptualization of our well-being constructs accords with the well-being types distinguished in prior literature on the

difference between happiness and health-related well-being (Danna & Griffin, 1999), while social well-being (Grant et al., 2007) is in accordance with current HRM research. All three dimensions are incorporated in the HRM literature on mutual gains and on conflicting outcomes.

HUMAN RESOURCE MANAGEMENT

According to Boxall and Purcell (2008) HRM refers to: ‘All those activities associated with the management of people in firms’ (page 1). In this definition, HRM is defined as management activities. Therefore, studies on the effectiveness of the HR function (e.g. Wright, McMahan, Snell & Gerhart, 2001) are excluded in this review. The effectiveness of the HR function does not focus on the management activities itself, but on the role or function of the HR department in delivering management activities. Secondly, this definition stresses the incorporation of multiple management activities, in contrast to focusing on the effects of a single management activity isolated from other management activities. It is important to combine multiple management activities, as employee and organizational outcomes are influenced by multiple management activities rather than by a single management activity (Wright & Boswell, 2002). Hence, only studies with multiple management activities are included in this review.

Whereas there remains conceptual unclarity on which management activities should be labeled as HRM (Arthur & Boyles, 2007), and this divergence is manifested in the different labels given to and measurements of the sets of management activities investigated in HRM studies, more recently a stream of work conceptualizes HRM along levels of analysis. In a comprehensive multi-level model Ostroff and Bowen (2000) conceptualizes shared employee perceptions of HRM (defined as organizational climate) as crucial mediating phase between HRM systems and employee attributes. Nishii and Wright (2008) describe the HR-performance linkage as follows: intended HR practices (developed HR policies by decision makers) influence actual HR practices (implemented HR practices), employees perceive these practices

(perceived HR practices) and react to them (employee outcomes), and these employee outcomes result in organizational performance. Along similar lines Boxall and Purcell (2008) conceptualize HRM as management intended and implemented HR policies aiming to build ability, motivation and opportunity to perform at individual level, and aiming to build workforce capabilities, work organization and work attitudes at collective level, and third management articulate values to influence employee perceptions.

Hence, this review includes a broad range of management activities at different levels of analysis, e.g. organization orientation to employees (Miller & Lee, 2001); formal and implemented HRM activities (Chandler, Keller & Lyon, 2000; Khilji & Wang, 2006) employee perceptions of activities and underlying goals (Bartel, 2004; Nishii, Lepak & Schneider, 2008; Paul & Anantharaman, 2003; Van Veldhoven, 2005).

ORGANIZATIONAL PERFORMANCE

Organizational performance is a multifaceted concept (Paauwe, 2004). Within the HRM literature, Dyer and Reeves (1995) use four dimensions to describe indicators of organizational performance: human resource outcomes, organizational outcomes, financial or accounting outcomes and stock-market performance indicators. Human resource outcomes are the most proximal outcomes to HRM for example employee attitudes, employee absenteeism, and turnover. A second group of performance indicators are labeled organizational outcomes, such as productivity, quality and service. Thirdly, financial or accounting outcomes refer to financial indicators like return on invested capital or return on assets. A fourth group concerns stock-market performance indicators, as measured by stock value or shareholder return.

This review attempts to pit the two competing perspectives on the effects of HRM on employee well-being and organizational performance against one another. Including HR outcomes as an organizational performance category would result in conceptual unclarity in this study. Hence, in this review we include organizational, financial and stock-market performance measures as indicators of organizational performance, but skip HR outcomes.

MUTUAL GAINS PERSPECTIVE

The mainstream perspective on the effects of HRM on both employee well-being and organizational performance holds that HRM has positive outcomes for the organization and for the workers as well. Peccei (2004) describes this as ‘optimistic perspective’ in his typology on the impact of HRM on employee well-being (see also Dorenbosch, 2009). Central to this perspective is the idea that HRM is mutually beneficial both for employees (employee well-being) and employers (organizational performance) (see Figure 1).

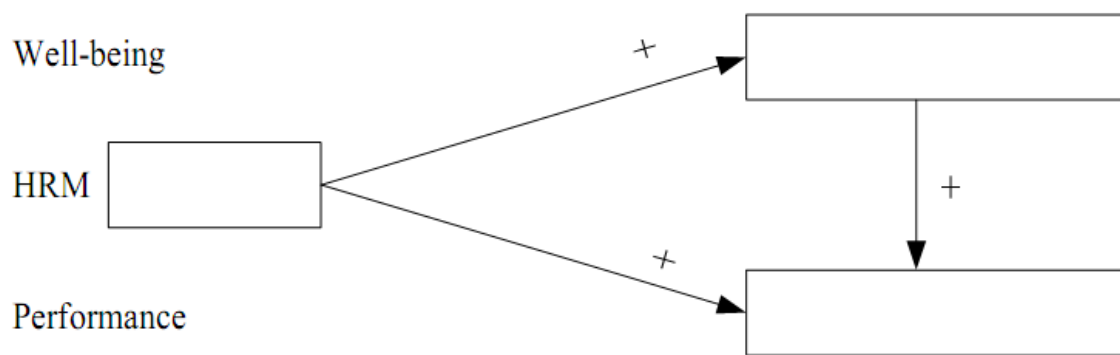


Figure 1. Mutual gains perspective

One of the original HRM models used to explain a positive effect of HRM on employee attitudes and behaviors is the ‘Behavioral Perspective’, which stated that employment activities are adopted to elicit and control employee behaviors which contribute to overall organizational performance (Wright & MacMahan, 1992). Another widely used theory to explain the positive effect of HRM on the happiness and relationships component of employee well-being is the social exchange theory by Blau (1964). Employees interpreted management activities as indicative of the organizational support and care for them, and reciprocate accordingly in commitment, satisfaction and trust (Whitener, 2001). A more detailed explanation for a positive effect of HRM on the three distinguished well-being components is provided by Appelbaum et al. (2000). According to Appelbaum et al.’s (2000) conceptual model the adoption of management activities (e.g. training, job design, compensation, promotion, and information-sharing) increases employees’ skills, provides

opportunities to participate, and increases motivation (so-called AMO theory). Subsequently, this process has a positive effect on employee well-being; it increases job satisfaction, commitment and trust, and on the other hand it reduces stress levels. More recently, Nishii and Wright (2008) presented an expansion of the model linking HRM, employee well-being and organizational performance, to which they added the notion of actual HR practices and employee perceptions of HR practices. According to this process model, intended HR practices might differ from actual practices due to the implementation phase, and employees perceive the actual HR practices and process the HRM information in a way that brings about positive attitudinal, cognitive and behavioral reactions.

The behavioral perspective, the process model by Nishii and Wright (2008) and Appelbaum et al.'s (2000) model imply that HRM has a positive effect on employee well-being via individual-level mechanisms. Ostroff and Bowen (2000) presented a multi-level model of HRM. Following this multi-level model a strong HRM system can reinforce shared employee perceptions (organizational climate) which positively affect shared employee attitudes and behaviors.

In brief, the general underlying idea is that HRM fosters employee well-being (happiness, health and relationships) resulting in improved financial performance and competitive advantage. Hence, the mutual gains perspective sees both employees (in terms of employee well-being) and employers (in terms of organizational performance) benefiting from HRM.

CONFLICTING OUTCOMES PERSPECTIVE

An alternative view on the role of employee well-being in the relationship between HRM and performance is the conflicting outcomes perspective. According to this perspective HRM has no effect on employee well-being, or HRM has a negative effect on employee well-being, according to Peccei's (2004) typology the 'pessimistic' and the 'skeptical view', respectively (see also Dorenbosch, 2009) (see Figure 2).

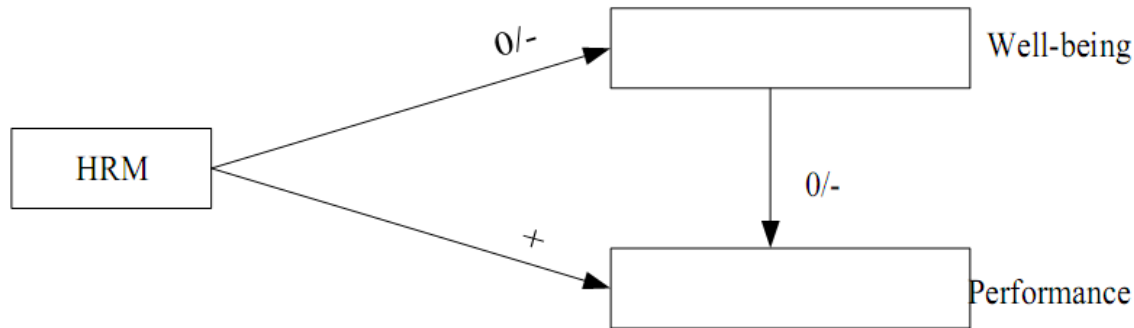


Figure 2. Conflicting outcomes perspective

The skeptical view can be clarified by the notion of organizational performance as a multidimensional construct (Paauwe, 2004). Employee well-being is characterized as a parallel organizational outcome next to financial performance. Boxall and Purcell (2008) argued that employee well-being and organizational performance are two goals influenced by different sets of HR practices. According to Peccei (2004) HR practices that maximize employee well-being, might not be the ones that maximize organizational performance. Hence, organizations may need to make a trade-off in terms of which outcome to achieve with priority, and focus on this outcome. Based on this competing- outcome notion Quinn and Rohrbaugh (1983) developed the competing values framework. Their competing values framework implies that organizations characterized by a rational goal and internal structure climate focus primarily on achieving productivity, while organizations characterized by a human relations and open system climate focus primarily on achieving employee well-being (Quinn & Rohrbaugh, 1983). Following this reasoning, management activities focused on achieving high organizational performance have no impact on employee well-being.

A more critical implication (the pessimistic view) of employee well-being and financial performance both as outcomes is the idea of a trade-off between employee well-being and organizational performance: enhancements in organizational performance are achieved at the cost of reduced employee well-being. Based on labor process theory Godard (2001) concluded that the benefits of work practices tend to decline or even to diminish, because of higher stress

levels. In an organization aimed at financial performance employees can experience lower levels of employee well-being as a result of increasing work intensification and job strain (Ramsay et al., 2000). Central to this view is the exploitative nature of HRM (Legge, 1995); HRM has a positive effect on financial performance established through negative employee well-being effects.

In brief, the general underlying idea is that HRM results in improved financial performance and competitive advantage, however workers do not benefit from HRM. Hence, the conflicting outcomes perspective sees employers (in terms of organizational performance) benefiting from HRM, however, HRM is not beneficial and in fact maybe harmful for employees (in terms of employee well-being).

COMPETING HYPOTHESES

This study aims to test which of the competing perspectives (Wall & Wood, 2005), ‘employee well-being and organizational performance as mutual gains’ or ‘employee well-being and organizational performance as conflicting outcomes’, is more appropriate to describe the role of employee well-being in the relationship between HRM and organizational performance. The mutual gains perspective stated that HRM is beneficial for organizations and for workers; hence HRM is expected to have a positive effect on employee well-being. However, the conflicting outcomes perspective argued that HRM has no or even a negative effect on employee well-being. HRM results in no or (un) favorable outcomes in terms of employee well-being. The two competing perspectives depicted in Figure 1 and 2 were translated into the following research question:

Research question 1: Is there more empirical support in the research literature for mutual gains (i.e. positive effect of HRM on well-being) or is there more support for conflicting outcomes (i.e. no or a negative effect of HRM on well-being)?

According to the two perspectives, HRM has a positive effect on organizational performance and at the same time has a negative, no, or positive effect on employee well-being. The underlying idea of the mutual gains perspective holds that the relationship between HRM and organizational performance is established through increased employee well-being. Similarly, the pessimistic view (conflicting outcomes perspective) states that the relationship between HRM and organizational performance is established through decreased employee well-being. Evidence for this type of reasoning requires studies that include HRM, and employee well-being, and organizational performance. Hence, only studies that include HRM, well-being as well as performance indicators were included in this review. In addition, evidence for the type of reasoning we laid down in the introduction presumes a positive effect of HRM on organizational performance. We therefore formulated a second research question to explore the effects of HRM on well-being provided when there is or is not a positive effect of HRM on organizational performance:

Research question 2: To what extent is the evidence for mutual gains and conflicting outcomes (research question 1) dependent on a positive effect between HRM and organizational performance?

METHOD

LITERATURE SEARCH AND SELECTION

A systematic literature search in international refereed journals in management, organizational behavior, work and organizational psychology, applied psychology, as well as other journals known for their explicit HRM-related focus was conducted. We completed our literature search by cross checking this list with the reference sections of

11 review studies (i.e. Appelbaum, 2002; Becker & Gerhart, 1996; Becker & Huselid, 1998; Boselie et al., 2005; Combs et al. 2006; Ferris et al., 1999; Peccei, 2004; Wall & Wood, 2005; Wood, 1999; Wright & Boswell, 2002; Wright et al., 2005). Only articles published from 1995

to 2008 were searched. The year 1995 is chosen as the earliest date of interest because it was in 1995 that Huselid published his peer reviewed empirical milestone study about HRM and performance. We only included studies using multiple management activities, employee well-being measures, and organizational performance measures. To select as many articles as possible, we decided to include studies designed for other purposes as well (e.g. studies focusing not only on the effects of HRM on well-being and performance), provided the inclusion of HRM, well-being and organizational performance measures. This review omits studies with a limited number of HRM activities (e.g. Brown, Sturman & Simmering, 2003), and studies that focus on HRM activities, but do not examine effects of HRM on employee-as well as organizational outcomes simultaneously (e.g. Wood, 1999). A last inclusion criterion concerned originality of the study. Hence, no reviews or opinion articles were included.

METHODOLOGICAL QUALITY ASSESSMENT

In order to assess the quality of the included studies four key criteria recognized for their relevance in the HR field (Becker & Huselid, 1998; Gerhart, 2007; Guest, 2001; Wall & Wood, 2005; Wright et al., 2005; Wright & Gardner, 2003) against which to judge the studies were identified. These four criteria are: (a) sample size and response rate; (b) quality of research design; (c) reliability and validity of the HRM, well-being and performance measures, and (d) the adequacy of the statistical test performed. On the basis of the four criteria a system was developed to rate the overall methodological quality of a study. Studies obtained a score for each criterion.

Concerning sample size and response rate we distinguished: small sample size (below 50) and no information on or low response rate (under 30 percent) (1); no information on or low response rate combined with medium sample size (between 50 - 100) and low sample size combined with high response rate (above 30 percent) (2); no information on or low response rate combined with large sample size (above 100) and medium sample size combined with high response rate (3); large sample size combined with high response rate (4). As regards

design, we classified studies into post-predictive (1); contemporaneous (2); predictive (3); or longitudinal (4) design. Concerning the validity and reliability of measures (HRM, well-being and performance) we made a distinction between the use of subjective, single source data (1); subjective data and psychometrics reported for only one or two measurements (2); subjective data and all measurements psychometrics reported or objective outcome and psychometrics not reported (3); and objective outcome and psychometrics reported (4). As regards adequacy of statistical test performed we distinguished between: no test (1); correlational research (2); multiple regression or analysis of variance (3); multi-level analysis or structural equation modeling (4).

Studies were classified as excellent quality studies when they had a score of 3 or 4 on all four identified criteria. Studies that scored 1 on two (or more) criteria; or scored 1 and 2 on two (or more) criteria were classified as average quality studies. The remaining in between studies: studies that did not fall into category average or excellent were labeled as good quality studies.

SYNTHESIS OF EVIDENCE

Based on the quality of the studies and the consistency of the observed findings, the level of evidence for the research questions is assessed. We checked the effects reported between HRM and employee well-being outcomes. We based our conclusions on the effects of the most advanced analysis reported in the study. If effects between HRM and employee well-being components were not explicitly reported, we relied on descriptive statistics instead of more advanced analyses. If more than one well-being dimension or more than one measure of a single well-being type was examined, results were reported separately in terms of data points. In case of multiple linkages reported between separate HRM activities and outcomes, we decided to base our conclusion on the results of the majority of reported effects. In case of studies reporting both effects of separate HRM activities and effects of an overall HRM index, we included the effects of the index. We elaborate on the differences found between separate and index effects in the discussion. In case of multiple outcomes, we based our conclusion on the

most proximal organizational outcome reported. In addition, we checked for and report on differential effects of HRM on different outcome types.

To answer our first research question we calculated the ratio of data points supportive of each perspective to the total number of data points per well-being dimension. Furthermore, we checked whether the results of the excellent quality studies were in line with the outcome of this ratio. Besides, to shed light on the extent to which the results are dependent on HRM - organizational performance effects (reflecting our second research question), we reported the ratio of data points supportive of each perspective provided there is a positive effect of HRM on organizational performance.

2.4 RESULTS

2.4.1 Description of the Studies

The literature search resulted in 41 studies. A considerable number of studies were published in HR-focused journals, e.g. the International Journal of Human Resource Management and the Human Resource Management Journal. Other studies were published in journals in management (e.g. British Journal of Management) as well as in psychology (e.g. Journal of Applied Psychology, Personnel Psychology).

Table 1 gives information on the nature and size of the study population, the measurement of HRM, employee well-being and organizational performance, and the quality rating. Nine studies could be classified as excellent quality studies; 16 studies as good quality studies and 16 studies as average quality studies. Table 2 gives information on the measurements of the three well-being components.

Three studies by Harter, Schmidt and Hayes (2002), Schneider, Hanges, Smith and Salvaggio (2003) and Benkhoff (1998) included both HRM and happiness measures, however they did not report on relationships between these two concepts.

HRM AND RELATIONSHIPS ASPECTS OF EMPLOYEE WELL-BEING

The relationship between HRM and relationships well-being was examined in 22 data points. Within this outcome category, measures of trust, climate, cooperation, team processes, morale and social exchange were included.

Five excellent quality studies all established positive effects of HRM on relationships well-being. Bartel (2004) established positive relations between three HRM indices of skills, performance and reward and communication, and climate using branches in a financial service organization. Similarly, Gelade and Ivery (2003) found support for a estimated, and the hypothesized models could be tested more directly. However, at this point in time, we decided to perform a narrative review. This type of review makes it possible to include all the empirical studies (also the average quality studies), thereby giving a representative view of the whole body of research on HRM, employee well- being and organizational performance. Besides, given the enormous variance in HRM, well-being and performance measures, as well as in level of analysis of the studies, aggregating the results of the studies using meta-analysis does not seem suitable at this stage. Furthermore, given that our hypotheses are tested for three well-being types, using a limited number of studies, meta-analysis results would be biased due to the small number of data points.

Third, although a considerable number of studies on the effects of HRM on happiness and relationships well-being and performance were found, the number of studies on the effects of HRM on health-related well-being and performance was small. This restricted the opportunity to make strong inferences about the role of health-related well-being in the relationship between HRM and performance. Hence, the findings from health-related well-being should be interpreted with caution.

A final limitation of this review is that we included results from a number of the included studies multiple times (studies with multiple measures of a single well-being component or studies that reported effects of multiple well-being types). From the 38 studies included in this

review, 13 studies provided more than one data point. The total number of data points for all well-being types together was 55. A related limitation is that some of the studies were partly based on the same data set (e.g. Godard, 1998 and 2001; Wright et al., 2003 and Wright et al., 2005). This implies that inclusion of these studies and the inclusion of multiple data points out of one study do not provide independent evidence regarding our research question on the effects of HRM on employee well-being.

CONCLUSION

This review investigated the role of employee well-being in the relationship between HRM and performance. In sum, we find more evidence for the optimistic than for the pessimistic or skeptical view. The effects of HRM on happiness and relationships well-being are in line with a mutual gains perspective. Health, however, seems to function more as a conflicting outcome. In terms of practical implications this implies that adopting HRM activities positively impacts relationships and happiness employee well-being. On the other hand HRM activities might have a detrimental effect on health-related employee well-being. From a management perspective implementing HRM activities is beneficial for employees in terms of happiness and relationships well-being and for the performance of the organization as well. However, management also needs to pay attention to the possible negative side effects on employee health; this can become costly both for employees and organizations in the long run in terms of absenteeism and turnover.

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