



The effects of high-performance work systems on hospital employees' work-related well-being: Evidence from Greece



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ARTICLE INFO

Article history:

Received 10 April 2015

Received in revised form

15 December 2015

Accepted 18 January 2016

Available online 1 February 2016

Keywords:

Burnout

Greece

Health care

High performance work systems

HPWS

Job satisfaction

Well-being

ABSTRACT

Following an employee-centric approach and based on the social and economic exchange theories, this study examines the effects of High Performance Work Systems (HPWS) on employees' work-related well-being, such as emotional exhaustion, work engagement and consequently their job satisfaction. Partial Least Squares (PLS) Structural Equation Modeling (SEM) was used on a sample of 297 clinicians (doctors, and nurses) across seven Greek regional hospitals. The findings demonstrated that the HPWS effects on employee outcomes can be influenced by their perceived nature of the exchange relationship with their employers. Specifically, it was indicated that if employees perceive their relationship with the hospitals as a social exchange, emotional exhaustion tends to decrease. On the other hand, an economic exchange relationship decreases the possibility that HPWS leads to work engagement. Last but not least, employees' job satisfaction was negatively associated with emotional exhaustion, and positively with work engagement. Finally, implications are drawn for the management of employees in the healthcare sector.

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1. Introduction

During the past 20 years, there has been a great deal of debate regarding the appropriate human resource (HR) practices that should be used in an organization in order to lead to workers' prosperity and well-being and consequently to greater efficiency and increased financial performance for the organizations. The most common term characterizing such a relationship is known as High Performance Work Systems (HPWS), also referred to as High Performing Work Practices (HPWPs), High Involvement Management (HIM; Lawler, 1986) and High Commitment Management (HCM; Walton, 1985). It should be noted, however, that the latter notions (HIM and HCM) are not equivalent to HPWS (Boxall & Macky, 2009), which encompasses both the high-commitment and involvement elements and is thus broader in scope in emphasizing the competitive advantage gained by such human resource practices (Zacharatos, Barling, & Iverson, 2005, p. 77).

High Performance Work Systems (HPWS) have been defined as 'a specific combination of HR practices, work structures, and processes that maximizes employee knowledge, skill, commitment,

and flexibility' (Bohlander & Snell, 2007, p. 690). One significant aspect of this definition is the reference to the 'system' approach or 'bundles of practices' and not to isolated individual practices, since HPWS is composed of many interrelated parts that complement one another to align with the goals of an organization.

The usefulness of HPWS can be explained by Datta, Guthrie, and Wright (2005, p. 136) argument that HPWS enhances employees' skills, commitment, and productivity in such a way that employees become a source of sustainable competitive advantage, as opposed to individual HR practices. Indeed, there is a dominant view nowadays that success in markets is largely derived from a firm's Human Resources (HR), as HR are one of the most important resources to generate a firm's competitive advantage (Zhang & Morris, 2014, p. 84). This concept is also known as the Resource Based View (RBV) of the firm (Barney, 1991). According to the RBV, resources which are *valuable*, *rare*, *inimitable* and *non-substitutable* can provide sources of sustainable competitive advantages (Boxall, 1996, p. 65), not only through developing a unique and valuable human capital pool, but also by providing firms with both increased fit and flexibility (Delery, 1998, p. 290).

Although across the Human Resource Management (HRM) literature HPWS has been generally related with increased productivity, organizational performance, and reduced turnover (e.g., Datta et al., 2005; Delaney & Huselid, 1996; Delery & Doty, 1996;

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Huselid, 1995; Ichniowski & Shaw, 1999; Messersmith & Guthrie, 2010; Torre & Solari, 2012), there is still a gap in the literature as to what practices and in what patterns they can promote performance, and, additionally, what is the mechanism through which HRM practices (such as HPWS) influence performance (Takeuchi, Lepak, Wang, & Takeuchi, 2007, p. 1069; Zhang & Morris, 2014, p. 69)?

Regarding the latter question, the mechanism driving the HRM—organizational performance relationship is still in need of further exploration, and is often referred to as the ‘black box’ (Becker & Huselid, 2006; Kinnie, Hutchinson, Purcel, Rayton, & Swart, 2005; Messersmith, Patel, & Lepak, 2011; Sels et al., 2006). Overall, the basic concept behind these systems is that organizational performance does not stem from the HR practices themselves but rather from the contribution that these HR practices make regarding employees’ attitudes and behaviors (Delery, 1998; Messersmith et al., 2011), which in turn serve as mediators in the HPWS—organizational performance relationship (Purcell & Kinnie, 2007; Takeuchi et al., 2007, p. 1069).

Last but not least, one major drawback regarding the HPWS approach concerns the little agreement as to the exact ‘best’ practices that constitute a HPWS (Boxall, 2012; Delery, 1998, p. 296), although some researchers have tried to overcome this issue. For instance, Appelbaum, Bailey, Berg, and Kalleberg (2000) proposed the *Ability, Motivation, and Opportunities* (AMO) framework, and argued that performance should be a function of three factors known as Ability (skills, experience, knowledge), Motivation (to apply abilities – both financial and intrinsic), and Opportunities (to engage in discretionary behavior). Similarly, Lepak, Liao, Chung, and Harden (2006) summarized the HRM practices used in previous empirical studies into three groups of activities, namely employee skills, motivation and empowerment.

Following these critiques, although the argument that HPWS has a positive effect on organizational performance and productivity is well established, there are considerably fewer studies that examine the positive effects of HPWS specifically on employees’ job attitudes and outcomes (Appelbaum et al., 2000; Macky & Boxall, 2007; Takeuchi, Chen, & Lepak, 2009; Zhang & Morris, 2014). Indeed, employee outcomes have been either neglected (Chow, 2003; Edwards & Wright, 2001; Jensen, Patel, & Messersmith, 2013; Purcell & Kinnie, 2007) or have been simply used as mediators between HPWS and organizational effectiveness (Boselie, Dietz, & Boon, 2005; Katou & Budhwar, 2006, 2010; Paauwe & Boselie, 2005; Sun, Aryee, & Law, 2007). Thus, many researchers call for more employee-centered research, in order to restore the effects of HRM on employee outcomes to a central position of HPWS studies (Ang, Bartram, McNeil, Leggat, & Stanton, 2013; Boselie et al., 2005; Van De Voorde & Beijer, 2015; Zhang, Cherrie, Dowling, & Bartram, 2013), and to focus on the processes that help to explain how HPWS influences health-related outcomes (Van De Voorde & Beijer, 2015, p. 62).

Taking the preceding discussion into consideration, and following Zhang et al. (2013) research, in this study we follow an ‘employee-centric standpoint’ and examine the employee outcomes of HPWS in the Greek healthcare context. Specifically, based on the social exchange theory, we examine whether the nature of the employer and employee relationship (social or economic exchange) can moderate employees’ work-related well-being, burnout and consequently their job satisfaction. To our knowledge, there are only a few studies examining the HPWS effects on employees’ outcomes in the healthcare sector, such as well-being (Weinberg, Avgar, Sugrue, & Cooney-Miner, 2012), and burnout (Ang et al., 2013; Bartram, Casimir, Djurkovic, Leggat, & Stanton, 2012; Fan et al., 2014; Zhang et al., 2013), suggesting a negative association between HPWS, burnout, and consequently on

intention to leave.

The paper is organized as follows. The next section provides an overview of the Greek context. In the following section, we present the theoretical framework of the study and stipulate the research hypotheses. In the third section, we present the methodological concerns of the study. The fourth section outlines the main findings of the empirical investigation. Finally, in the last part of the study we discuss the most important conclusions, along with the managerial implications for research and practice.

2. The Greek context

Despite the vast amount of empirical studies supporting the overall positive effects of HPWS, one significant issue prohibiting generalizations of these findings concerns the existing differences between different contexts and countries. As noted by Brewster, Sparrow, and Vernon (2008), employment systems and structures and, hence, HRM, vary from country to country. Indeed, the context in which organizations operate may limit or enhance the HPWS usefulness due to differences in cultural and institutional factors, that are considered country contingent, and which shape employment relationships. Therefore, practices which seem to be appropriate in one culture may be less appropriate in another (Boxall & Macky, 2009; Den Hartog & Verborg, 2004). Despite the growing interest in comparative HRM which seeks to better understand contextual effects and their implications for theory and practice, one significant regional omission concerns the area of south-eastern Europe, also referred to as the Balkans (Szamosi, Wilkinson, Wood, & Psychogios, 2010, p. 2521).

Greece is a peripheral country in the European Union that both influences, and is influenced by, the Balkan and the Black Sea countries, whose cultural and economic context is rather different from the West European countries (Katou & Budhwar, 2012). In summary, the Greek economy is characterized by a striking dualism. On the one hand there is a class of professionally managed firms, including the subsidiaries of multinationals, and on the other there are numerous Small and Medium Enterprises (SMEs), mostly family-owned that have been traditionally managed by their founders or by small proprietors (Makridakis, Caloghirou, Papagiannakis, & Trivellas, 1997). SMEs perform the 99% of industrial business activities, and although they demonstrate low productivity they tend to maintain an increased employment rate (Psychogios & Wood, 2010, p. 2626). Taking into account this depicted situation, it can be argued that the practice of HRM in Greece is also dualistic. Indeed, larger employers are more inclined to follow the law, and be unionized, which makes the practice of HRM more consistent and regulated. In contrast, the HRM policies in SMEs are likely to be unprocedural, flexible, highly personal, but also arbitrary (Mihail, 2004), and with little in the way of formalized mechanisms for involvement and participation, which is often matched by poor terms of employment and working conditions (Psychogios & Wood, 2010, pp. 2627–2628). Overall, what affects both large firms and SMEs are structural weaknesses in the training system that influences the level and quality of employees’ skills. Specifically for SMEs, they are characterized by relatively weak job security, while the lack of resources forces them to rely mainly on on-the-job training, rather on external courses (Psychogios & Wood, 2010, p. 2627).

Taking the preceding discussion into consideration, the first goal of the current study is to investigate the practice of HRM in the broader area of south-eastern Europe (Szamosi et al., 2010, p. 2521), and specifically in the Greek context, characterized by unique labor relations and institutional conditions. In addition, and given that the theoretical underpinning of the present study is derived from theories of advanced economies (e.g., USA/UK; Takeuchi et al., 2007,

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