

How do high-performance work practices (HPWP) affect employee eudaimonic well-being in entrepreneurial organizations?

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1. Introduction

There has been much interest recently in the concept of well-being and its relevance to entrepreneurship as an outcome or complement to business performance or failure (Wiklund et al, 2019). Recent changes towards post-materialistic values notwithstanding, employee well-being is theorized to have a substantial effect on the workforce of the entrepreneurial organization, with some suggesting that instability or deficit of well-being may well be the reason why some firms maintain their competitive advantage over time while others do not (Gopinath & Mitra, 2017). While the resource-based approach to human capital is apparent in entrepreneurship, the premise is based on the assumption that organizational success; generally measured through operational or financial-performance, is a proxy of workforce well-being.

In spite of the relevance of human capital in the discipline, a review of human capital entrepreneurship research conducted by Marvel et al (2016) provided an overview of the disorganization and complexity of the topic. For instance, the systematic review found: (1) a dominance of the resource-based perspective of human capital clearly reflected from the association of quantitative measures of organizational success such as operational and financial outcomes; (2) the overwhelming adoption of strategy-based theories; (3) inconsistencies in the conceptualizations of human capital and its measures; (4) a disconnect in the use of human capital investments and human capital outcomes; (5) where the focus of the reviewed studies is mainly directed to the innate qualities of the entrepreneur, with some attributing entrepreneurial well-being as a direct function of organizational-level well-being. . In some cases, firm-level human capital has been treated as an extension of the founder(s), recycling similar measures as those assessing individual-level human capital as the only sample to represent the organization. These findings reflect how different theoretical assumptions of the well-being-performance paradigm, conceptualizations of well-being as well as focus of the analysis affects the research design, data analysis and consequently, a study's results.

In line with the logic of performance-based outcomes, investing in the workforce through high-performance work practices (HPWP) has been shown to improve SME performance especially when these practices are implemented in 'bundles' of skill, motivation and empowerment, with the premise of 'mutual gains' for the employer and employee (Rauch & Hatak, 2016). HPWP, also known as high-involvement, high-commitment or human-resource management systems, are activities that encompass the management of human capital in organizations, differentiating human capital management from other management activities. HPWP are theorized to act as catalysts that enhance employees' external and internal motivation. For

instance, organizations employ practices such as career opportunities (Gangster, 1989), skill-enhancing practices (Rauch & Hatak, 2016) or flexible remuneration programs (Pfeffer, 2001) to the end effect of increased job control.

Proponents of the mutual-gains perspective have suggested HPWP to be management tools that can positively contribute to improved organizational performance through a series of assumptions: HPWP acts as a representation of the organization's support and care for employees and in turn, the signal is reciprocated by the workforce through increased commitment, satisfaction and trust towards the organization. From this perspective, HPWP are theorized to improve employee's abilities, fostering a positive feedback loop that enhances employee participation in organizational activities that enhance an employee's internal or external motivation (Rauch & Hatak, 2016) whereby improvements in skill, motivation and empowerment lowers employee stress levels to the end effect of improved organizational performance (Rauch & Hatak, 2016). In essence, the perspective posits HPWP to be mutually beneficial in the organizational and individual employee, where the former benefits from improved well-being (Van de Voorde, Paauwe & Van Veldhoven, 2012) and as a result, the organizations achieve better operational and financial performance (Patel & Conklin, 2012).

However, critics have warned in opposition of the emphasis and efforts placed on performance-based outcomes on account of the exploitation hypothesis, neglecting the main premise which simply requires the employee to work harder (Legge, 1995). The skeptical perspective approaches organizational performance as a multi-dimensional construct whereby organizational performance is seen as a parallel outcome to employee well-being. In this sense, organizational performance and employee well-being are separate objectives affected by different HR practices, suppositionally, practices that enhance organizational performance may not enhance employee well-being. A more critical perspective of HPWP as seen in labour process theory (reference) argues that attributed improvements are achieved at a cost. Critics posit HPWP provide diminishing returns as increased stress levels can be accumulated from work intensification and job strain caused by its implementation (Kroon et al, 2009). Although skeptical and critical approaches recognize organizational-performance benefits of HPWP, improved performance may come as an expense to employee well-being.

Attempts to enhance organizational performance have often overlooked employee well-being as seen in Silicon Valley, where negative working conditions and 'burnout' culture could be overlooked to improve firm performance (Pfeiffer, 2011). Kroon et al (2009) found support for the critical perspective in their findings when comparing the opposing perspectives, suggesting

that job demands are associated with higher levels of emotional exhaustion. The unitary focus of long-term maximization of employee potential may overextend the employee's ability to cope with job demands. Likewise, the high-stress and often resource-limited nature of the entrepreneurial environment may create more challenging conditions in which the individual employee is able to develop his or her roles in nonwork environments, the basis of which is fundamental in accordance to the 'dual agenda' model of work-life well-being by Kossek & Greenview (2014).

1.1. Research objectives and questions

Although the mutual gains perspective has its own merit, an outcome/performance-based perspective barely considers other dimensions of well-being that may be more relevant in a culture of performance demanded and apparent in entrepreneurial pursuits (Ryff, 2019). The resource-based perspective is reflected in a meta-analysis conducted by Rauch & Hatak (2016) that found positive results on the use of HPWPs to be effective in improving SME performance, yet the study also excluded employee-level outcomes to their model (are measures of employee attitudes and behaviours). To this end, I argue that operational performance is likely to be contingent upon several other factors. In a study of the effects of HPWP, Patel & Conklin (2012) found group culture to be essential for HPWP to provide its intended effects. Despite the indirect organizational costs through productivity such as increased absenteeism or presenteeism generally assumed to be caused by lack of motivation (external and internal), qualitative interviews have shown discrepancies between the underperforming individual's performance indicators and the individual's actual performance (Sallis & Birkin, 2014), implying that the underlying issue may not be due to the lack of internal or external motivation. Individuals may also be inclined to perform due to fear of losing their jobs or the social stigma of underperformance, which can be inferred by the employee based on how underperformance is perceived, mirrored in the organization's procedures, policies or leadership (Fairclough, Robinson, Nichols & Cousley, 2013).

Psychological theories have been proposed to explore antecedents of job performance and engagement in Ryff (2019), Wiklund et al (2019), Patel & Conklin (2012) as well as Marvel et al (2016). Movements from identifying the costs and consequences associated with diminished performance can develop future understanding on how employees with low levels of well-being can exhibit unconventional behaviours that may not be captured by hedonic measures, typically performance or affect-based in entrepreneurship. Separating the dimensions of well-

being is essential due to the possibility of a trade-off, or contradictory, relationship between different dimensions of well-being. For instance, HPWP could improve employee commitment, satisfaction and trust but also increase stress simultaneously (Ryff, 2019). Organizational psychologists have also proposed that a culture of performance can inhibit the disclosure of potential problems relating to toxic working environment, creating a feedback loop of workplace ill-being. (Harder et al, 2014 see Figure 4).

RQ: How do high-performance work practices (HPWP) affect employee eudaimonic well-being?

As a response to the coronavirus pandemic, the Finnish government has advised businesses to operate as remotely as possible(reference). Social isolation-based measures enacted imply further blurring of boundaries between work and non-work especially to individuals who were able to conduct work activities remotely prior to the pandemic. Namely developers, or individuals whose job scopes or organizational structures allow for remote work, are prone to symptoms of social isolation which inhibits the individual's physical, mental and cognitive health (reference). During periods of isolation characterized by structural disturbances, individuals who do not have other established non-work roles may experience stronger effects from isolation measures. Performance outcomes generally characterized as intensification of job demands can promote a culture of workaholism, further preventing the individual from developing his or her nonwork roles (Kalliath & Brough, 2008) that can result in a negative effect to eudaimonic well-being. Alternatively, implementing HPWP may also provide the remote employee avenues to enhance job control through means of internal and external motivation, allowing the individual to perform job demands more efficiently, resulting in a positive effect to eudaimonic well-being.

1.2. Structure of the paper

This paper builds upon the question posed by Wiklund et al (2019) on how entrepreneurial firms can support well-being by exploring the intended effects of HPWP on employee well-being. The following sections contain literature reviews to provide a basis for the proposed theoretical model. I review aspects of human capital entrepreneurship research based on theoretical approaches, study context, methods and analyses, levels of research, human capital constructs and focus. To follow the recommendations of Marvel et al (2016), I consider cognitive and psychological theories by analyzing the effects of HPWPs on employee well-being in the context of entrepreneurship. For this reason, I explore the mutual gains, skeptical

and critical perspectives of HPWP, and provide a theoretical basis for eudaimonic well-being as a more appropriate measure for examining well-being in the pursuit of entrepreneurship. To this end, I propose a theoretical model based on hypotheses of the mutual gains, critical and skeptical perspectives and potential moderators for the mediating relationship between job control and

Next, I review the research design and measures of the study. Finally, I conclude with limitations regarding validity, reliability and generalizability and propose practical implications for the research.

2. Literature review

The literature review consists of four main sections: human capital entrepreneurship research, high-performance work practices (HPWP), measures of well-being in entrepreneurship and the typology of the performance-well-being paradigm.

2.1. Literature review (Part 1)

2.1.1. Human capital entrepreneurship research

There is significant evidence that shows human capital is especially relevant to promoting aspects of entrepreneurship. For instance, human capital is fundamental in the processes of discovering and creating entrepreneurial opportunity (Marvel et al, 2016), as well as opportunity exploitation through financial resources and growth (Rauch & Hatak, 2018). In addition, human capital can create a unique mass of new knowledge and the creation of advantages for new firms (Marvel et al, 2016) and entrepreneurial success (Wiklund et al, 2019). Although evidence suggests human capital is integral to entrepreneurship, as of yet, there are few significant advances in human capital in entrepreneurship research (Gopinath & Mitra, 2017).

Marvel et al (2016) conducted a systematic analysis of human capital entrepreneurship to find extensive, yet vague, conceptions of human capital and its measures, restraining further theoretical understanding of human capital typology in entrepreneurship. Findings organized based on theoretical approaches, methods and analyses, levels of analysis and construct measurement which will be discussed in more detail below.

2.1.1.1. Theoretical approach

Researches on human capital have mostly utilized multi-theory concepts, in accordance with popularity are strategic (30.3%), cognition, learning and psychology (23.3%) and entrepreneurship (21.8%). For instance, theories within entrepreneurship were resource-based approaches highlighted in the theories used in the studies. Due to the popularity of strategy-based theories, the authors call for a wider adoption of multidisciplinary theories with regards to the entrepreneurial process.

2.1.1.2. Methods

Most of the studies involved the use of regression for data analysis with bivariate regression as the most commonly used methodology. Dependence techniques split variables into dependent or independent and allows researchers to make predictions based on the model. The popularity of regression analysis may be due to the difficulty of measuring 'success' in entrepreneurship as a scholarly domain (Marvel et al, 2016). A bivariate regression technique may also be appropriate in cases where traditional performance measures are unsuitable since the goals of the venture are not exclusively monetary (Marvel et al, 2016). The majority of empirical research has focused only on direct effect relationships of human capital and a dependent variable despite evidence of the presence of moderator variables. Marvel et al (2016) suggested future studies to include the use of alternative dependent variables such as social capital and corporate entrepreneurship as prior research have suggested the possibility of potential moderators affecting their model.

2.1.1.3. Levels of analysis

The most common level of analysis is on the individual level (67,5%) that suggest consistent findings of prior research that characterized entrepreneurship as monopolized by 'micro units of analysis' that focus on the innate qualities of the individual entrepreneur (Marvel et al, 2016, pp.614). Marvel et al (2016) proposed that a multi-level perspective may be beneficial to understanding the link between individual human capital and organizational capability in the corporate entrepreneurship setting. Within the context of sustainable entrepreneurship, firms simultaneously exploit competitive advantage with regard to sustainable practices while also developing the competencies required to perform. The majority of empirical research has focused only on direct effect relationships of human capital and a dependent variable despite evidence of the presence of moderator variables (Marvel et al, 2016).

2.1.1.4. Construct measurement

Measures of education often contain years of education or the completion of a degree, while measures of experience commonly contain past work in industry or number of prior management positions. Instead, education and experience represent investments in human capital rather than 'fully realized outcomes' (Marvel et al, 2016, pp.608). They posit that these operationalizations limits further understanding of human capital in entrepreneurship. While investments in work experience may translate to higher income or task performance, this

approach fails to capture the outcomes of human capital investments that are believed to be of greater value to entrepreneurship.

Research on human capital from other disciplines have included the use of cognitive and psychological measures as key aspects of human capital (Ryff, 2019). Similarities with human capital constructs such as locus of control or achievement orientation may imply blurring of boundaries between human capital and psychological constructs (Marvel et al, 2016). Their findings seem to be consistent with Wiklund et al (2019) who proposed more research to advance understanding of employee well-being in the context of entrepreneurship. In essence, Marvel et al (2016) propose future research to explore potential moderator variables that influence the relationship between human capital investments and entrepreneurial outcomes and the adoption of psychological measures as key aspects of human capital.

2.1.2. High-performance work practices (HPWP)

HPWPs are a set of management tools that positively affect employee attitude, motivation and performance (Sels et al, Patel & Conklin, 2012). HPWP allow organizations to create distinctive human capital through enhanced employee productivity, improving a set of firm-level outcomes that are unique or challenging to copy (Kroon et al, 2009). HPWP are theorized to lead the workforce in creating distinctive composition of internal systems and generate means to attain unique competitive advantage. At its core, the main goal of HPWP is to increase response rates of the employee towards organizational needs or requirements (Patel & Conklin, 2012).

2.1.2.1. Mutual gains perspective of HPWP

The mutual gains framework focuses on the mediating effect that job control has on employee-well-being. For instance, the behavioural perspective defines HPWP as tools to evoke and control employee behaviours that can collectively contribute to improved overall organizational performance (Patel & Conklin, 2012), while the social exchange framework defines HPWP as a method for organizations commit support and care for employees (van de Voorde et al, 2012). An employee is hypothesized to experience positive well-being effects when he or she has increased job control. An increased sense of control over the individual's worklife decreases the individual's stress-levels to the end positive effect of improved employee well-being. In turn, reciprocity is provided by employees through increased efforts and commitments to the firm.

H1: The more employees are covered by HPWP, the more employees will experience increased job control, the higher eudaimonia is experienced by the employee

Since smaller firms are commonly more labour-intensive than its larger counterparts (Rauch & Hatak, 2016), human capital is critical to its organizational performance and continuation. In fact, Patel & Conklin (2012) explored potential context-related factors on how small firms can overcome their dependence on human capital. Results from their study indicate that group culture plays an important role in strengthening the effects of HPWP in small companies. Patel & Conklin (2012) based their theoretical model on these premises: First, cohesion and trust supported by organizational culture can lead to procedural justice. Second, group culture culminates to higher job satisfaction that enhances employee commitment to the organization. Since small businesses rely on informal structures, cohesion and trust are critically important for small businesses to perform. Thus, due to the focus on informal over formal structures, group culture supports environmental flexibility, allowing for more efficient allocation of resources that lead to improved employee responsiveness.

H2: *Group culture* positively moderates the positive impact of HPWP on *job control*

2.1.2.2. Critical perspective of HPWP

A more critical perspective of HPWP posits those improvements in organizational performance are achieved at a cost to employee wellbeing. According to the labour process framework, HPWP brings about diminishing returns due to increased stress levels from work intensification and job strain caused by the implementation of HPWP.

H3: The more employees are covered by HPWP, the more emotional exhaustion is experienced and the less eudaimonia is experienced by the employee

Kroon et al (2009) found support for the critical perspective on HPWP, a small relationship was observed between the number of employees employed in HPWPs and emotional exhaustion, mediated through intensified job demands. They presented two mechanisms on the HPWP-burnout paradigm: the critical employee exploitation hypothesis and positive role that procedural organizational justice might play. Their results suggest that management practices such as HPWPs may lead to negative ramifications for employees when effects such as emotional exhaustion(burnout) are included in the model. Burnout being a process that begins from the feeling of emotional exhaustion as a consequence of long-term stress levels at work (Maslach, Kroon et al, 2019). An individual develops emotional exhaustion as a stress reaction

to high job demands, leading to reduced feelings of personal accomplishment and diminished engagement with the job as well as perception of his or her abilities that can lead to negative effects in the individual's work and nonwork roles. Although burnout syndrome consists of 3 dimensions, emotional exhaustion is the main component (Kroon et al, 2009).

This seems to suggest that higher levels of job demand from HPWPs is associated with higher levels of emotional exhaustion. The 'dual-agenda' model characterizes healthy work environments as those that also provides positive crossover effects to an employee's nonwork life, within an organizational culture that fosters the development of their roles at work and roles outside of the organization. Kossek & Greenview(2014) posit highly engaged employees may have increased responsiveness due to fear of job loss, especially if the employee perceives their availability serves as a signal of their attachment to the job and organization. The critical perspective is further highlighted by Gopinath & Mitra (2017), since the sole focus on performance through long-term maximization of employee potential overextends the employee's ability to cope with the demands. For this reason, emotional exhaustion as a consequence of HPWP can be moderated by *perceived control over multiple roles* (PCMR).

H4: *Perceived control over multiple roles* positively moderates the negative effects of HPWP on *emotional exhaustion*

2.1.2.3. Skeptical perspective of HPWP

In comparison, the skeptical perspective posits HPWP has no beneficial effects on employee well-being (Kroon et al, 2009). Organizational performance is seen as a multidimensional construct and as a parallel outcome to employee well-being (van de Voorde et al, 2012). In this sense, organizational performance and employee wellbeing are separate objectives affected by different practices. Skeptics posit that it is unlikely for practices that enhance organizational performance to also enhance employee well-being. In essence, skeptics recognize organizational performance benefits of HPWP but also underlines that the improved performance may come as an expense to employee well-being.

H5: There is no relationship between HPWP and employee eudaimonic well-being due to the counterbalancing effects of *job control* and *emotional exhaustion*

2.2 Literature review (Part 2)

For this section of the literature review, I examine the HPWP-well-being paradigm by reviewing findings of Van De Voorde, Paauwe & van Veldhoven (2012). Characteristics of the

reviewed studies were categorized based on well-being measures, the use of single or multiple practices, measures of organizational performance, level of analysis and study design. Well-being as a construct will be examined through prior entrepreneurship research as well as the relevance of eudaimonic measures to entrepreneurship as a scholarly domain. Next, I address key concepts on workplace well-being proposed by Kossek & Greenview (2014), propositions by Gopinath & Mitra (2017) on workplace well-being in entrepreneurial organizations.

2.2.1 HPWP-well-being paradigm

A narrative review on the HPWP Van De Voorde et al (2012) investigated the effects of study attributes on its results. Attributes were characterized based on (1) well-being measures (happiness, relationship, health); (2) effects of one or many HPWP; (3) organizational performance indicators (financial, operational); (4) levels of analysis (organizational, individual) and (5) study design.

2.2.1.1 Well-being measures (happiness, relationship, health)

Employee well-being at work is defined as the ‘overall quality of an employee’s experience and functioning at work (Kossek & Greenview, 2012). Measures of well-being included dimensions of happiness, health and relationships. Happiness well-being refers to the individual’s subjective experiences and work ability. Satisfaction and commitment theories have been frequently used as a measure of happiness at work in prior studies, both reference to cognitive and affective elements. Nonetheless, satisfaction is directed at the individual job-level while commitment is directed at an organizational level. With respect to occupational health literature, there is a differentiation between stressors (workload or work intensification) which are situations that increase stress; and strain –such as stress and burnout- which are responses to stressors. Social well-being is the quality of relationships and interactions at an organizational level, between employees, their seniors or the organization’s management. They included social well-being as a measure since this dimension of well-being has been increasingly introduced in later theoretical frameworks.

2.2.1.2 Single vs multiple HPWP

Studies have utilized different measures to operationalize HPWP namely recruitment and selection, training and development, performance management, teamwork, performance-based remuneration, employment security and participation & communication. Work-life balance

and job design were examined to a lesser extent. Studies have utilized HPWP to enhance employee skill, motivation and circumstances to improve performance-outcomes. The main premise of combining practices is the presumption of a synergistic effect when HR practices are applied in bundles and as a consequence, more beneficial than the use of a single HR practice. Nevertheless, there is possibility that the observed results are based on only some of the practices from the associated bundle. Such practices may also affect other outcome variables in some other manner.

2.2.1.3 Measures of organizational performance

Van de Voorde et al's (2016) review suggests that organizational performance is a multi-dimensional concept, making a distinction between operational indicators such as productivity and quality, to financial indicators such as returns on invested capital (ROIC) or shareholder returns. Based on the premise that proximal outcomes more significantly affect distal outcomes. The effects of HPWP is stronger with operational indicators of organizational performance than financial indicators of organizational performance.

2.2.1.4 Levels of analysis (individual, business unit, organization)

The HPWP-wellbeing-performance paradigm can be characterized based on the level of analysis: individual, business unit, and organization. Based on the framework by Nishii & Wright (2008), HR practices originate from HR policies developed by stakeholders on the organizational level practically affects HR practices applied at the group level and perceived by employees on an individual level, in due course, employee attitudes and behaviours will improve organizational performance. To this end, they differentiated between HR activities, employee well-being and organizational performance based on the level of analysis (individual level, business-unit level, organizational level).

2.2.1.5 Design

Most common research designs appear to be contemporaneous, where measures were collected in one period combined with overlapping performance data; or post-predictive, where measures were collected in one period combined with prior periods of performance data. They posit longitudinal studies to be a problematic research design to utilize in HPWP-performance research considering the possibility of reversed or reciprocal causation (e.g., signalling effects). Predictive designs (HPWP measurements are taken prior to performance measurements) and

longitudinal designs that use the same measures (HPWP and performance indicators) allows for causation (tests to confirm if a change in HPWP is associated with change in employee well-being).

2.2.2 Well-being

The construct of well-being can be measured through subjective well-being and psychological well-being. The former represents the hedonic approach and the latter the eudaimonic approach. Hedonic conceptualization of well-being highlights positive life evaluations of life satisfaction (happiness) as well as net positive affect (positive affect) (Chen et al, 2020) while eudaimonic conceptualization highlights multiple factors of wellbeing such as purposeful engagement, realization of personal potential, autonomy, mastery, quality of ties to others and self-acceptance. Although hedonic and eudaimonic approaches to wellbeing are positively correlated, they are empirically different (Ryff, 2019). In essence, hedonic well-being aims attention towards the overall 'happiness' as a state, while eudaimonic well-being addresses human flourishing. Though psychological theories on well-being may vary according to ontological differences, current academic consensus considers well-being to be a multidimensional construct, highlighting the challenges in of defining and measuring wellbeing. Measurement instruments that have been proposed thus far were subjective measures of affect, life satisfaction, psychological functioning as well as measures of physical health and social well-being (Wiklund et al, 2019). Theories and measures of wellbeing vary according to the significance placed on the individual's external or internal conditions, practical evaluation by others, or by subjective evaluations of the individual themselves (Wiklund et al, 2019).

2.2.3 Entrepreneurship and well-being

Most of entrepreneurship have utilized hedonic conceptualization of well-being though measures of positive life evaluations of life satisfaction (happiness) and net positive affect (positive affect) (Chen et al, 2020). Although eudaimonic ideas of wellbeing have been used in entrepreneurship to explore autonomy and independence through the framework of self-determination theory (SDT) (Chen et al, 2020), SDT is directed towards intrinsic and extrinsic motivational processes and does not constitute as the presence of eudaimonic well-being (Ryff, 2019). Autonomy as a core-need or motive in SDT is theoretically distinct from autonomy as an aspect of well-being from entrepreneurial pursuits. While both analyse the requirements

needed to flourish, SDT focuses on the intrinsic and extrinsic motivational aspects of human fulfilment, while eudaimonic well-being reviews the dimensions required to be fully functioning.

Entrepreneurship scholars have also proposed the adoption of both hedonic and eudaimonic approaches (Wiklund et al, 2019), but Ryff (2019) warns against the use of both measures to assess well-being since results can be conflicting. For instance, simultaneous attainment of purposeful striving and personal growth, each challenging and taxing on its own, may not lead to feelings of happiness or contentment.

However, Ryff (2019) states that high levels of hedonic well-being do not ensure that one is living a good life, static approaches and the emphasis on affective outcomes provide limited understanding of the intricate links between entrepreneurship and well-being.

2.2.4 Entrepreneurship and eudaimonic well-being

Eudaimonic well-being has been proposed by Shir and Ryff (2021) to more accurately represent the antecedents of entrepreneurial pursuits generally attributed to the innate qualities of the individual entrepreneur. Ryff's (2019) framework considers the dimensions of overall psychological well-being as evolved and achieved aspects of psychological well-being, in comparison to the static approach of motivational states operationalized as needs and motives to outcomes employed by hedonic indicators. The six dimensions of eudaimonic well-being will be reviewed below.

2.2.4.1 Autonomy

The ability for an individual to evaluate themselves by their own personal merits, autonomy is vital for self-initiated activities that are needed in aspects of entrepreneurship. Ryff (2019) proposes that autonomy as motivation in SDT and the need for autonomy in eudaimonic well-being are separate constructs.

2.2.4.2 Environmental mastery

The ability for an individual to make effective use of the surrounding environment while also creating context suitable for one's needs and values. An individual without autonomy would struggle to organize daily life nor be able to change his or her environment.

2.2.4.3 Personal growth

Personal growth concerns self-realization and achievement of personal potential. Individuals that possess this dimension of well-being report feeling more effective and have a better understanding of themselves over time. An individual with high levels of personal growth perceives potential challenges and tasks to improve their personal growth, while those with lower levels of personal growth can feel stuck.

2.2.4.4 Positive relations to others

This seems to be the most validated measure of well-being. Individuals with positive relations to others have secure ties with other individuals, concerns for other persons and are capable of empathy and affection to others. Social connections are especially important in the context of entrepreneurship.

2.2.4.5 Purpose in life

An individual is said to have purpose in life when they have meaning, direction and goals even during difficult times. Individuals who reported higher levels of purpose in life appear to have higher resilience compared to individuals who do not.

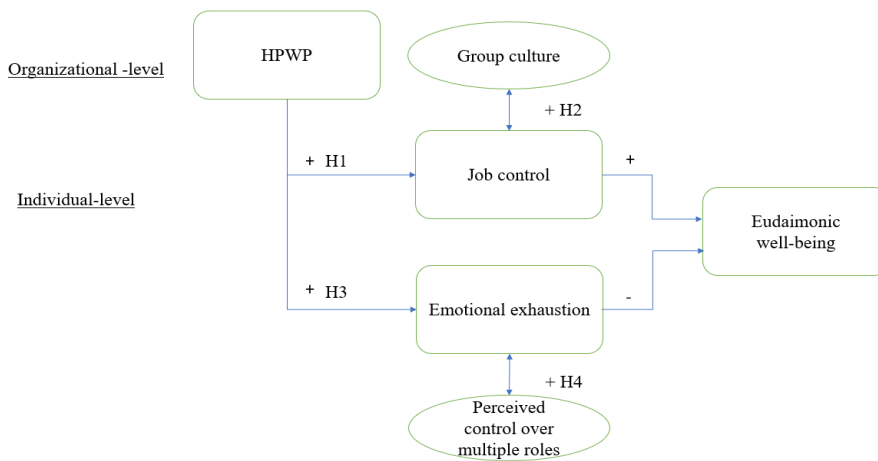
2.2.4.6 Self-acceptance

Ryff (2019) suggests this dimension to be overlooked. Self-acceptance is the awareness of personal assets and limitations and encompasses more than normative approaches to self-esteem. This dimension of eudaimonic well-being may be vital for entrepreneurship since individuals need to be honest with themselves for effective analysis of entrepreneurial challenges.

2.3 Theoretical framework

To explore the effects of HPWP on employee well-being, I test the assumptions of the mutual gains, critical and skeptical perspective of human capital. Following recommendations by Ryff (2019), I utilize eudaimonic dimensions to measure employee well-being and include group culture and *perceived control over multiple roles* (PCMR) moderators of job control and emotional exhaustion proposed by Patel & Conklin (2010) and Kossler et al (2012) respectively.

2.3.1 Theoretical model



2.3.2 Variables

Independent variable: HPWP (organizational-level)

Mediators: job control, emotional exhaustion (individual level)

Moderators: group culture(organizational-level), perceived control over multiple roles (individual-level)

Dependent variable: eudaimonic well-being (individual level)

Control variables: contract type (part-time vs fulltime), gender(?)

2.3.3 Hypotheses

H1: The more employees are covered by HPWP, the more employees will experience increased job control, the higher eudaimonia is experienced by the employee

H2: Group culture positively moderates the positive impact of HPWP on job control

H3: The more employees are covered by HPWP, the more emotional exhaustion is experienced and the less eudaimonia is experienced by the employee

H4: Perceived control over multiple roles positively moderates the negative effects of HPWP on emotional exhaustion

H5: There is no relationship between HPWP and employee eudaimonic well-being due to the counterbalancing effects of job control and emotional exhaustion

Commented [JE1]: On the top of my head, I've read somewhere that women are more likely to report their well-being states than men. How do I take cultural issues into context? With this information I expect a stronger relationship between HPWP and eudaimonic well-being in women or the possibility of the lack of responses from men.

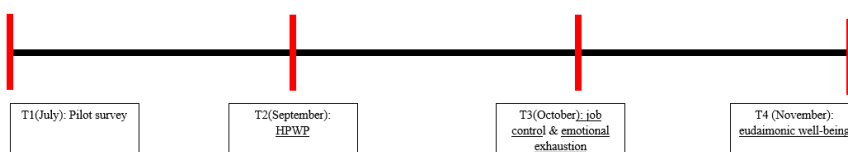
Commented [JE2]: Should I remove potential moderators to make the model simpler? What if the data shows potential for moderators (seen in theory)? Should I explain them here or somewhere else?

3 Methods

3.1 Population, sample, procedure

I follow a survey research design by collecting survey data to test the proposed hypotheses. Two surveys are developed for employees and one for HR managers or individuals in managerial positions. Individuals in managerial positions will provide data regarding their respective HPWP and confirm organizational characteristics. Employees provided data on eudaimonic well-being, group culture and emotional exhaustion. Measures will be taken in a sequence of its logical intended effect for instance: measures of HPWP will be taken prior to variables for job control and emotional exhaustion, with measures of employee eudaimonic well-being taken last. Moderator variables will be taken in conjunction to the intended effect.

The sample consisted of 150 employees working in entrepreneurial organizations in Finland. Power analysis can be used to determine the sample size necessary to achieve robust findings (Hair, Black, Babin J.B, Anderson, 2014).). Since remote work is more commonly found in developers, the sample mostly consist of developers in working for entrepreneurial firms in technological industries in Finland. The participating organizations are chosen based on size (less than 500 total employees) and propensity to utilize HPWP. In each firm, HR managers and management are contacted to confirm the use of HPWP in their organization. They provided a name list and email addresses of employees. Within the sampled organization, email invitations are sent to employees regarding the study's details and request employee participation to an online survey (T1). Surveys are designed to measure job control using a Likert-scale developed by Gangster (1989). Emotional exhaustion



Prior to data collection, reliability and validity of survey instruments will be pretested with a convenience sample of 20 employees, university students, Webropol and Amazon Mechanical Turk. I expect HPWP to explain a proportion of variance in eudaimonic well-being that is above and beyond the variance that is explained by the control variables (contract type, gender).

+ (reasons for use of control variables)

3.2 Measures

3.2.1 HPWP

Following Kroon et al (2009), HR managers or managers in entrepreneurial organizations are given a set of yes-no questions.

Item 1: “Are selection tests used in your business unit/organization?”

Item 2: “Does your organization offer formal internal training?”

Item 3: “Does your organization pay higher than average salaries?”

Item 4: “Does your business unit/organization have a formal performance evaluation system?”

Item 5: “Are employees involved in strategic decisions in your business unit/organization?”

Item 6: “Are there tasks and jobs descriptions in your business unit/organization?”

3.2.2 Eudaimonic well-being

Eudaimonic well-being will be measured using employee self-reported subjective data. Employees are given twelve questions based on the eudaimonic scale of well-being (Ryff,2019). (incomplete)

Items 1 & 2(Autonomy):

Items 3 & 4 (Environmental mastery):

Items 5 & 6 (Personal growth):

Items 7 & 8 (Positive relations with others):

Items 9 & 10 (Purpose in life):

Items 11 & 12 (Self-acceptance):

3.2.3 Job control

A 22 item Likert scale developed by Gangster (1989) will be used to assess job control: range of tasks, pacing, scheduling of rest breaks, procedures and policies in the workplace, and arrangement of the physical environment. Properties of this scale appear good and reveal a single factor of control (Ganster, 1989).

3.2.4 Group culture

To ensure that employees can most reliability report emotions and attitudes of which others are not aware of, group culture will be measured through individual employee self-assessment. A collection of survey items (questions) will be used to capture key aspects of group culture.

(Appropriate scale not found yet)

3.2.5 Emotional exhaustion

Similar to group culture, employees' self-assessment of emotional exhaustion (scale not found yet). To reduce common method bias, questions will be reverse coded with numerical scoring scale runs in the opposite direction. The inclusion of reverse-coded items can alert inattentive respondents that item content varies and may mitigate response acquiescence – yea or nay tendencies (Black et al, 2014).

3.2.6 Perceived control over multiple roles

Perceived control over multiple roles will be measured through a self-check questionnaire scale of work-life balance. Questions asked will require direct answers (e.g., 'How often in a week do you think about work beyond normal work hours?') to limit variety in data points. (Scale not found yet)

3.3 Ethical considerations

Due to the sensitive nature of the topic, individual information of the employee, aside from gender and contract-type, will be anonymized at the first step of the data collection in T2. Organizations are given the choice to anonymize or publicize their names, although all participating organizations would operate in the Finnish entrepreneurial context. Participating organizations and employees are sent informed consent forms (consent, privacy, no third-party distribution) prior to collecting survey responses. Data will be stored in an external hard-drive to prevent potential information breaches through malice or incompetence.

3.4 Trustworthiness of the study

Since most measurable variables are approximation, there is always some form of error present. To minimize measurement error, I optimize several aspects of the research design through several ways. To minimize random error, I will provide clear instructions to employees, HR managers and management alike in forms of a YouTube video presentation prior to the beginning of the study. To reduce random error, I utilize multiple measures of the same construct and conduct statistical robustness checks ensure consistency of repeated measures. Including a pilot test survey, increasing sample size if necessary and use statistical procedures to adjust for measurement defects to further reduce systematic error.

Since this study has lesser items compared to the original scales, a Cronbach alpha test will be conducted on all partial scales to ensure scale reliability. The degree of generalizability of the study's conclusions is dependent on the study's sample, thus sample has to be representative of the population being studied (employees in Finnish entrepreneurial organizations) characterized by size (less than 500) and use of HPWP as a managerial tool. Data points will also be double checked.

Missing data is deleted if missing values are few and randomly distributed, but cases with a high number of missing values will be removed. Depending on the results, missing values will be replaced with means or multiple imputation to estimate missing values based on the model (SPSS: ANALYZE). If an outlier observation is caused by a mistake, data will be deleted (e.g., respondent's birth year is marked as 1776). If an observation is substantially different to other observations but is otherwise a legitimate member of the sample, it will be retained. Statistical procedures will be used to identify outliers. Summated scales of descriptive statistics will also be provided to ensure significant correlation (0.001 to 0.05).

Structural equation modelling will be conducted to examine the mediated effects through a process outlines by Baron & Kenny (1986): (1) Regress Y on X to show that the independent variable significantly predicts the dependent variable; (2) Regress M on X to show that the independent variable significantly predicts the mediator; (3) Regress Y on M and X to show that the mediator significantly predicts the dependent variable while controlling for the independent variable. If the independent variable is no longer significant in (3), there is proof of full mediation. But if the independent variable is still significant (but lower effect size) in (3) there is proof of partial mediation.

Since moderation is an interactive effect between HPWP and the group culture that is regressed on the eudaimonic well-being I first mean centre or Z-standardize both independent (*HPWP*) and moderator variables (*group culture*) and create an interaction term ($X * M$). Next, I regress the dependent variable (eudaimonic well-being) on *HPWP*, *group culture* and *HPWPXgroupculture*. If the model is significant, variance is accounted for in Model 3 (with interaction term) and Model 2 (without interaction term). If R-squared change is significant and the interaction term is significant, then moderation is occurring.

4 Practical implications

The study can contribute to context-specific literature of employee-well-being in Finland. Exploring whether entrepreneurial organizations can simultaneously exploit competitive advantage and employee well-being can provide empirical evidence to the positive, or negative spillover effects entrepreneurship has on Finnish society.

Due to the quantitative approach of the study, non-significant statistical results can still provide significant insight into how entrepreneurial organizations can effectively promote practices that enhance employee well-being through measures that more accurately captures the dimensions of entrepreneurial pursuits. For instance, practices intended to improve employee job control may negatively affect well-being or vice-versa. Understanding how, why and what affects employee well-being within contextual influences in which HPWP and well-being are related can help management implement practices for their respective intended outcomes, allowing for more efficient allocation of resources and more effective practices according to their intended outcomes.

Organizations that participate in the study can have a snapshot of the degree of job control and emotional exhaustion of their organization prior to the study's data analysis (October 2020) that can indicate the need for potential changes in the organization's management tools, or provide confirmation for management strategy. This research is particularly relevant for organizations with remote-working initiatives as it may provide insights to how HPWP can be utilized to improve employee well-being in the future.

In essence, an analysis of human-resource management tools can potentially help decision makers implement initiatives against the symptoms of isolation within their organization.

5 Limitations

Limitations of this study include researcher expertise, variability of data quality and missing information. Although steps have been taken to reduce measurement error in the study design, this study is still prone to confirmation, respondent and method bias. For instance, variation in HPWP and eudaimonic well-being may be caused by the data collection instrument than the participant's actual perception or predisposition. Social desirability bias may prevent participants from full disclosure of their well-being states for reasons of anonymity or lack of time. The issue of missing data is apparent in this form of research. Researcher may also be prone to confirmation reflected in the choice of operationalizing well-being as an outcome to entrepreneurial pursuits. The fairly narrow research settings of the study could also yield idiosyncratic results in comparison to a study with a larger sample size.

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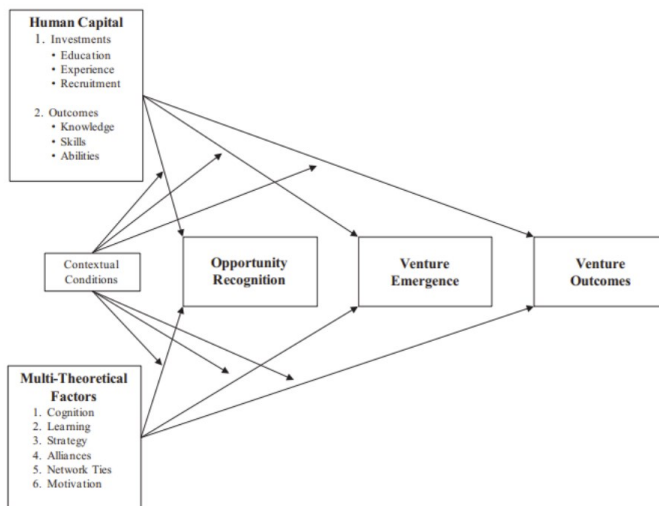
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7 Appendices

7.1 Figure 1(Marvel et al, 2016):

Model of Human Capital and the Entrepreneurship Process



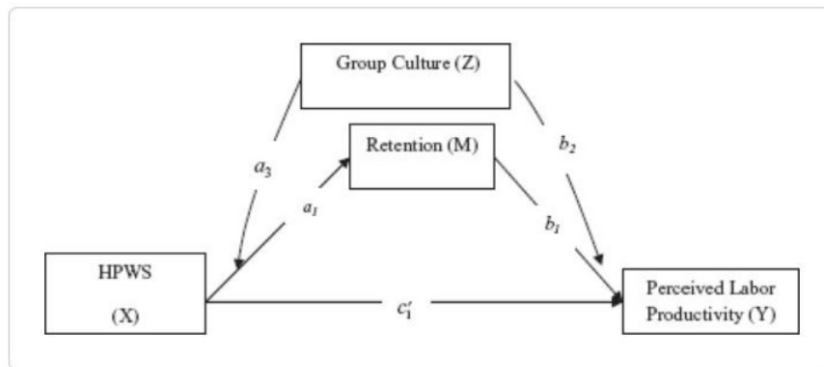
7.2 Figure 2:

Typology of Human Capital (Marvel et al, 2016)

	Investments	Outcomes
Input	Education – investments in learning activities of explicit knowledge. <ul style="list-style-type: none"> ▪ Vary from general to specific types of education. ▪ Vary in cost, diversity, and length of investment. 	Knowledge – understanding of principles, facts, and processes. <ul style="list-style-type: none"> ▪ Clustered within domains such as those learned through formal education. ▪ Vary from generic to specific.
Develop	Training/experience – investments in learning by doing activities. <ul style="list-style-type: none"> ▪ General or specific to context (e.g., industry) or task (e.g., prototype development). ▪ Vary in terms of cost, amount, time, and type. 	Skills – observable application of knowledge to create solutions to problems or complete specific task. <ul style="list-style-type: none"> ▪ Specialized or domain specific skills (e.g., industry or task-specific). ▪ Vary in type from novice to expert.
Acquire	Recruitment – Investments in recruitment activities to acquire abilities. <ul style="list-style-type: none"> ▪ Sources may include venture team, firm alliances, network ties, external R&D, etc. ▪ Vary in cost, form, and quality. 	Abilities – Enduring, trait-like characteristics useful to range of tasks. <ul style="list-style-type: none"> ▪ More general with implications to wide range of contexts and tasks. ▪ Difficult to internally develop compared to knowledge or skills.

7.3 Figure 3:

Proposed moderation-mediation model (Patel & Conklin, 2012)



7.4 Figure 4:

Model of workplace toxicity (Harder et al, 2014, pp. 207)

