Human capital, high involvement and well-being: assessing progress and advancing understanding

The motivation in proposing this special issue was to explore the links between human capital, high involvement work and well-being. In this overview, we review the state of the art of research on human capital, high involvement work and worker well-being drawing on the extant literature and seminal work from the foundations of classical economists to recent writings on human resource management (HRM).

**Human capital**

We have argued elsewhere the semantic value of using human capital as a term in place of human resources, since “resources are exploited whereas capital is invested” (Winterton and Cafferkey, 2019, p. 218). Human capital also emphasizes qualitative differences between individuals in terms of the knowledge and skills they possess, irrespective of how these have been acquired (Winterton, 2012). Those differences are manifest through occupational groups and grading structures and, notwithstanding the element of social construction, skill labels are often obtained following training and development, the principal routes to human capital formation (Garavan et al., 2001). At the level of individuals, human capital is in large part captured by the competencies possess by the individual (Winterton, 2017), which at the organisational level contribute to core competence (Prahalad and Hamel, 1990) and at the country level to the human capital stock of the nation (Healy and Côté, 2001). Qualifications are often used as a proxy for those competencies, with the consequence that the abilities of those who have developed their skills experientially are underestimated, leading to initiatives to validate or valorise informal learning (Colardyn and Bjørnåvold, 2004). Similar issues arise with labour market re-integration of those with specialist skills that are not obviously transferable, such as retired or demobilized military personnel (Tutlys et al., 2019). Another important caveat is that the aggregation of human capital beyond individuals involves more than summation because of interactions in networks that construct social capital (Lin, 2001). Whereas human capital resides in individuals, social capital reflects networks that are continuously reproduced through exchange and social relations (Bourdieu, 1986). The two forms of capital are complementary: social capital plays a major role in the formation of human capital (Coleman, 1988), while the more educated are better able to build social capital, which plays an important role in the replication of class structure in education systems (Bowles and Gintis, 1976).

Smith (1776, p. 122) did not use the term human capital but the concept is captured in his description of “acquired and useful abilities” developed through education and apprenticeship that represent “a capital fixed and realised, as it were, in his person”. Marx (1887, p. 164) defined the “labour power” of workers as an ability to work which, once sold, becomes “variable capital” owned by the capitalist (Marx, 1887, p. 202) alongside the fixed capital of machinery and materials. Unlike monetary capital and fixed capital, this variable or human capital is not depleted by its use but rather by its non-use (Baker et al., 1997). Moreover, those capacities we regard as human capital reside in individuals and cannot be abstracted from them in the way that financial or physical capital can be sequestrated. As Marshall (1919, p. 228) noted: “the value of an employee must be estimated, partly by instinct, with a view to the probable development of his capacities”. Pigou (1920, p. 600) was possibly the first economist specifically to mention “human capital”, which he referred to as an individual’s “productive power”. A more comprehensive definition came from Schultz (1961, p. 1).
who argued “skills and knowledge are a form of capital” . . . “in substantial part a product of deliberate investment.” That approach to human capital theory (HCT), elaborated further in seminal works by Becker (1964) and Schultz (1971), became the dominant paradigm for discussion of human capital in the education literature. It seems that the ritual genuflection, typically to Becker (1964), is often made without reading the work, since these Chicago School economists were interested in returns to education and regarded human capital as the embodiment of education and training.

It is worth reflecting on some of the limitations of this approach to HCT. Schultz (1961, p. 3) claimed “the failure to treat human resources explicitly as a form of capital . . . fostered the retention of the classical notion of labour as a capacity to do work requiring little knowledge and skill.” This is plainly fallacious. In explaining the significance of the division of labour in industry, Smith (1776, p. 9) argued that this increased “labour power through the acquisition of improved dexterity”, time saved in changing tasks and the application of dedicated machinery, noting the importance of “differences of talents more important than natural differences” (Smith, 1776, pp. 17–18). Marx (1887, pp. 190–192), similarly explicitly acknowledged the higher value of skilled labour. Becker (1964, p. 5) quoted from Marshall’s Principles of Economics: “The most valuable of all capital is that invested in human beings.” That quotation is a truncated abstraction removed from context, where Marshall (1890, p. 468) is, in fact, referring to the “care and influence of the mother, so long as she . . . has not been hardened by the strain and stress of unfeminine work.” In the context of Late Victorian England, Marshall reminds us how the degradation of labour undermined the capacity of the family to ensure the health and well-being of children, the future workforce. This downward spiral is evident at present in the poorest developing nations because the “nation’s human capital endowment – the skills and capacities that reside in people and that are put to productive use” (WEF, 2015, p. 1), is intrinsically related to other aspects of human development such as income, education and health (UNDP, 2019, p. 73–74). Human capital formation is hindered by poverty and lack of access to education and healthcare but at the same time is essential in addressing these inequalities.

Returning to the question of human capital heterogeneity, this has important implications for HRM in the workplace because different employee groups experience initiatives applied universally in different ways (Cafferkey et al., 2020). At the same time distinctive HRM practices can “help create unique competencies” (Cappelli and Crocker-Heft, 1996, p. 7) and lead the organisation to “human capital management” (Becker et al., 1997, p. 44). The organisation’s human capital resources reflect “the training, expertise, judgement, intelligence, relationships, and insight of individual managers and workers in a firm” (Barney, 1991, p. 101), including measurable competencies of employees and tacit knowledge and skills that are difficult to codify (Polanyi, 1966). Managing this human capital embodied in employees is fundamental for organisational performance outcomes (Davenport and Prusak, 1998) as well as individual outcomes, including employee well-being. Lepak and Snell (1999, p. 37) making the case for “HR architecture” designed to reflect the strategic value of different employees, identified four quadrants defined by the value and uniqueness of human capital, arguing that each can be associated with specific employment modes, employment relationships and HR configurations.

High involvement work

High performance work systems (HPWS) popularised by Appelbaum et al. (2000) relate to a range of attempts to improve performance, usually with associated bundles of HR practices, but there are many versions, which vary according to different institutional settings (Paauwe and Boselie, 2003). As Boxall and Huo (2019, p. 99) note, the work and employment practices associated with HPWS “are subject to a confusing array of definitions and assertions.” Like lean production, HPWS has been associated with work intensification and employee burnout
since it became popularised (Ramsay et al., 2000) and negative effects for workers have been consistently reconfirmed even if there are often positive performance outcomes (Han et al., 2020). There is also substantial evidence to support the conclusion that different groups react differently to HPWS (Andersén and Andersén, 2019; Heffernan and Dundon, 2016), further emphasizing the importance of differences in human capital alluded to earlier.

The differences between HPWS and high-involvement work processes (HIWP) may seem semantic on paper, but are fundamental in practice. The latter characteristically provide workers with a high degree of task discretion and influence over work procedures that are widely associated with higher job quality and employee satisfaction (Boxall and Winterton, 2018). High-involvement work, like anthropocentric work organisation (Winterton and Winterton, 1997), demands higher competencies but also gives an employee greater opportunity to develop and deploy them (Boxall et al., 2019a). In a seminal study of Detroit auto workers, Kornhauser (1965) noted a complex of interrelated job characteristics all contributed to the mental health of workers, concluding:

One set of job characteristics is outstandingly influential: the chance the work offers a man to use his abilities, to perform a worthwhile function, to fulfil his role as a competent human being, and to find interest in his work and a sense of accomplishment and self-respect (Kornhauser, 1965, p. 131).

The importance of skill utilisation for worker satisfaction and worker well-being has been reconfirmed in studies in Australia (O’Brien, 1982) and New Zealand (Boxall et al., 2019b). There is also evidence that skill utilisation is a mediator between autonomy and job satisfaction (Boxall et al., 2015; Morrison et al., 2005). Workers report their skills are underutilized in their current positions in Australia, where 11.5% described themselves as seriously over-skilled and 30.6% slightly over-skilled (Mavromaras et al., 2007, p. 307). British workers report slightly higher levels of over-skilling, with 19 and 33%, respectively, in those categories (Sutherland, 2013, p. 82).

Throughout recent decades there has been a development of interest in the ability, motivation and opportunity (AMO) framework. Kellner et al. (2019) point out that AMO is used in two different ways, and sometimes, there is confusion between the different ways. Individuals bring with them to the workplace a level of ability and motivation, however, it is only once they begin work that they are provided with opportunities. Any strategic HRM approach will develop “enhancing practices” to further develop the abilities and motivations of the employees – here human capital becomes important. With an organisation investing in the abilities and motivations of their employees, the organisation is making a direct investment in the firm’s human capital which, under the right circumstances, will pay dividends for both the organisation and the employees.

Well-being

Building on our understanding of human capital and how this can be fostered and leveraged by HIWP invites the question, “to what end?” Gallup (2021) reports that a striking 76% of employees experience burnout on the job. Even prior to the coronavirus disease 2019 (COVID-19) pandemic, the diminishing quality of employee well-being was well-documented. A CIPD (2019) survey of 5,000 workers revealed “a worrying drop in health and well-being over the last three years”, so it is unsurprising that employee well-being is at the forefront of policy. The World Health Organization declared burnout as an occupational phenomenon under the International Classification of Diseases (ICD-11) (World Health Organization, 2019), while recently the OECD (2020) called for a “redefined” growth narrative “to put the well-being of people at the centre of our efforts”. Evidently, there is a need to explore how individuals are genuinely treated at work and whether people-related issues are a top concern for organisations (Cafferkey et al., 2019; Lin et al., 2020). The early work, especially under the guise of HPWS, took organisational performance in the form of financial outcomes or
productivity as its referent (Huselid, 1995). While employee outcomes were gradually (re) incorporated into research, this has been largely under the unitarist guise of bridging the intended HR-implementation gap. Here, human capital risks being treated exclusively as a stock or repository (Wright, 2020), so that a focus on employee well-being provides a means to an end, rather than a legitimate end in and of itself (Guest, 2017, p. 25).

Unpacking well-being
In this context, clarifying what constitutes well-being becomes all the more significant. Despite its widespread use, well-being still “remains a vague concept” (Salas-Vallina et al., 2020) used for multiple purposes (Van De Voorde et al., 2012). In the context of employment, well-being is typically used to denote an employee’s overall affective experience and functioning at work (Lin et al., 2020, p. 213; Warr, 1990). Taking inspiration from the World Health Organization’s definition of health as “a state of complete physical, mental, and social well-being”, research has unpacked the multidimensional nature of well-being to comprise psychological (happiness), physical (health) and social (relationships) dimensions (Grant et al., 2007; Van De Voorde et al., 2012).

Within studies of HR and employment, the focus has been mostly on psychological dimensions of well-being including the likes of job satisfaction, engagement and affective commitment. These capture facet-specific aspects of an individual’s experience at work (Grant et al., 2007), and those are seemingly most amenable to change via HR practices. Exploring the dimensions of AMO, ability-enhancing practices will impact human capital skills sets and capacity; motivation-enhancing practices like financial incentives will provide a lever to reward desired role behaviours, or punish those behaviours not aligned with strategy (Schuler and Jackson, 1987); while opportunity-enhancing practices are not “owned” by either the employee or the HR department yet nonetheless provide a feedback loop where more opportunities allow employee motivation to grow and abilities to develop (Kellner et al., 2019). As discussed previously, from this broad understanding HIWP provides the perfect vehicle to realise enhanced employee well-being (Kornhauser, 1965). The early work proffering the merits of high-commitment approaches argued that “workers respond best and more creatively not when they are tightly controlled by management and placed in narrowly defined jobs” (Walton, 1985, p. 77). In affording employees the opportunity to contribute at work in a meaningful way, the relationship becomes reciprocal and reinforcing, as captured by the logic of social exchange theory which has become a dominant theoretical perspective in this space (Cropanzano et al., 2017; Ostroff and Bowen, 2016). This is manifest in empirical research where well-being is used as a mediator between high-involvement HR and subsequent organisational performance (Peccei and Van De Voorde, 2019).

Exploring well-being
While it is welcome that employee well-being is on the research agenda, problematic is the narrow and parsed form explorations take. The systematic review of Peccei and Van De Voorde finds that “mutual gains conceptualisations play a dominant role in extant HRM-WB-IOP research, at the expense of alternative conflicting outcomes and mutual losses models” (Peccei and Van De Voorde, 2019, p. 539). Indeed, so called “mutual-gains” models, where both employers and employees benefit, form of the focus of 75% of the studies they reviewed. On one hand, this is linked to a normative bias in research on human capital, and the unitarist agenda of HR research in particular (Geare et al., 2014). It is also informed by the assumptions of positive psychology where happiness is writ large with an emphasis on flourishing, positive being, vigour and energy at work (Ehrenreich, 2009). Again, possibly nice ideals, but they do little to match what we know of employees’ experiences of employment and the ongoing quest for decent work (Yang et al., 2019), something COVID-19 has made more obvious (Harney and
Such limited understanding is reinforced by a narrow focus on the psychological aspects of well-being, to the almost complete exclusion of health-related forms of well-being in particular (De Cieri and Lazarova, 2020; Peccei and Van De Voorde, 2019). This may go some way in accounting for the “patchy” and “conflicting” empirical evidence linking HR practices to employee well-being (Lin et al., 2020, p. 312) and overall failure accurately to demarcate the nature of the relationship (Ho and Kuvaas, 2020, p. 236).

We know that the effects of human capital and high involvement on employee well-being may not be direct or obvious. Conflicting outcomes models point to prospective negative consequences, where, however well-intended, involvement and empowerment may actually result in increased stress and work intensification (Godard, 2001; Ramsay et al., 2000). In this instance, any positive effect on organisational performance is “to be achieved at the expense of, rather than to go hand in hand with and to be based upon, wellbeing” (Peccei and Van De Voorde, 2019, p. 542). Well-being is often understood by contrasting negative or passive behaviour in the form of strain, fatigue and anxiety with positive and active behaviour in the form of thriving, vitality and vigour (Bakker et al., 2014). A route to advance understanding is to move away from such “seesaw” treatment of well-being, whereby enhanced, positive well-being is automatically associated with decreased, negative well-being (Ho and Kuvaas, 2020).

More sophisticated analysis has drawn on the likes of self-determination theory or job-resource demands model to illuminate a more nuanced, and complex relationship between organisational HR systems and employee well-being (Harney et al., 2018). Jiang and Messersmith (2018) point to the very likely case that HR systems simultaneously encourage motivations that are both extrinsically (financial reward) and intrinsically (job autonomy) orientated. Skills development might at once prompt initiative and alignment with organisational purpose, but this may well be intertwined with extensive working hours and pressures to perform (Harney and Monks, 2014). It follows that key relationships may well be curvilinear, meaning that initial investment in human capital and well-being (e.g. say opportunity to perform or job autonomy) reaches a point of diminishing returns where it induces extensive anxiety or stress. This is something that is beginning to be borne out in empirical research which draws on the meta-theoretical principle of “the too-much-of-a-good-thing effect” (TMGT effect) (e.g. Ho and Kuvaas, 2020). Those in the creative space, frequently attempt to balance a tightrope between tight deadlines and creative challenges manifest as eustress (positive stress), resulting in savouring and “flow”, versus excessive demands and negative stress manifest as distress and burnout (Hargrove et al., 2013).

Disentangling these forms of trade-offs and the complexity of human capital, high involvement and employee well-being relationships cannot come without an accommodation of the multiple dimensions of well-being. Revisiting Grant et al. (2007) offers insight into the multifaceted nature of well-being and the fact that there are likely to be inherent trade-offs between the dimensions of well-being (psychological, physical and social). A recent review by De Cieri and Lazarova (2020) reinforces that HR research has focussed on sub-clinical indicators of psychological well-being that are most proximal to the interest of employers. As a consequence, there is limited attention to other dimensions, especially employees’ physical safety and physiological health, or long-term health outcomes (e.g. injury and illness) (De Cieri and Lazarova, 2020; Peccei and Van De Voorde, 2019). This neglect is also evidenced in pleas for organisations to become fearless and develop resilience founded on “psychological safety” and growth mindsets (Edmondson, 2018). Barbara Ehrenreich, in her book Smile or Die, wonderfully depicts how positive thinking has become a business in and of itself with commercial organisations its principal client:

Eagerly consuming the good news that all things are possible through an effort of mind. This was a useful message for employees, who by the turn of the twenty-first century were being required to work longer hours for fewer benefits and diminishing job security (Ehrenreich, 2009, p. 12).
Pfeffer argues that scholars should pay more attention to the human costs of performance, including expanding the range of dependable dependent variables to embrace “psychological and physical health and, for that matter, other aspects of employee wellbeing, much more frequently in our research – not because these things affect costs and profits, although they surely do, but as important outcomes in their own right” (2016, p. 668). Nonetheless, the language of human resources and talent pools imply entities to be exploited and moulded for organisational interest.

As we mentioned at the beginning of this article, there is an important distinction to note: “resources are exploited whereas capital is invested” (Winterton and Cafferkey, 2019, p. 218). Human capital qualitatively differs from other forms of capital with respect to skills, knowledge and capacity in terms of growth and development (Winterton, 2012). Equally, human capital cannot be depreciated like an asset on the balance sheet. More expansive understanding of human capital appreciates free will, identity, purpose and meaning, community to move us beyond purely economic conceptions of value. As Wright (2020, p. 7) reminds us “in the case of human capital-based advantages, that source stems from humans, and they are far more than simply economic beings.” It follows that consideration of well-being should holistically consider psychological, physical and social dimensions, as otherwise research risks inadvertently perpetuating a very truncated and limited caricature of human capital. This is recognised by calls for a new analytical framework of HRM and employee well-being (Guest, 2017), dedicated explorations of well-being-oriented human resource management (WBHRM) (Cooper et al., 2019; Salas-Vallina et al., 2020) and calls to link well-being to the social legitimacy role of HR, including a broader corporate social responsibility agenda founded on justice and fair treatment (Stahl et al., 2019).

Towards a more encompassing concept of well-being

In order fully to understand well-being, research should focus on the conditions possibly shaping organisation intentions and practice. A tendency for universalistic understanding glosses over differences both within (categories of jobs, management versus staff, professional versus technical) (Cafferkey et al., 2020) and beyond the organisation (gig workers, agency staff and third-party providers) (Wood et al., 2018). What are the appropriate boundaries for when organisational responsibility for well-being should begin and end? What of decent work, living wages and working conditions in the broader ecosystem and supply chain? (Donaghey et al., 2013). Van De Voorde et al. (2012, p. 403) argue for a “differential approach” to well-being, distinguishing between approaches mandated because of external pressures and those designed to “propel the workforce towards specific goals” (2012, p. 403). Harvey (2019) usefully distinguishes between corporate wellness approaches founded on economic logic and introduced purposefully to enhance performance, as distinct from workplace health promotion which is more allied to social legitimacy. Rather than a quest for efficiency as measured via enhanced performance, a broader question considers what makes effective well-being interventions that first and foremost benefit employees? Here research points to a variety of critical contingencies including the role of managerial support (Salas-Vallina et al., 2020), the nature of communication and involvement (Harney et al., 2018) coupled with factors associated with the organisational context (DeJoy et al., 2010), not least work pressure and relative job security. It follows, similar to the argument about human capital that well-being is by definition a relational construct. Just as social capital is formative to human capital, so the environs, activity, emphasis and nature of work, including relations with key managers, all serve as inputs into well-being. Evidently, the use of technology has brought an additional dimension to the consideration of well-being including its use as basis of control, the struggle employees have in navigating work–life balance or indeed integration, and the increased responsibility placed on individuals through new forms of work and working (Fleming and Sturdy, 2009).
The consequences of mismanaging well-being are detrimental on multiple fronts; for the individual, for the organisation and for society at large (Kaluza et al., 2020). The COVID-19 pandemic has underlined the significance of this reality (Caligiuri et al., 2020). In this special issue, we bring together understanding of human capital, high involvement and employee well-being. It is clear from this brief review that an underlying tension resides at the heart of human capital well-being considerations, that is between the moral argument and economic logic. This is picked up in the sentiment from a recent Gallup (2021) report; “Organizations are responsible for the wellbeing of their employees – alleviating burnout is the right thing to do. It is also essential for engaging and retaining top talent”. Unfortunately, it is unclear whether the moral argument is sufficient on its own, without the supporting economic imperative.

There is much still to explore about well-being including the requirement for a more holistic understanding of the interdependencies between psychological, physical and social dimensions, as well as contemporary emphasis in the form of financial well-being, human capital development, attention deficit and social well-being. Existing research is limited by an approach founded on cross-section design and a reliance on single source studies (Peccei and Van De Voorde, 2019). There is also a tendency to treat individuals as “objects” and as opposed to “subjects” whose dignity and worth exists independent of the firm (Wright, 2020).

From this vantage point, human capital is understood exclusively with respect to the characteristics that are beneficial to providing value to an organisation (Lepak and Snell, 1999).

This is reinforced by a capitalist system where the extremity of illness is assessed by the ability to go to, or conduct, work. Broader considerations include engagement with, and for, the broader community, and national attempts to enhance well-being across the population. Take New Zealand, which has moved away from narrow gross domestic product measures of economic success to focus on happiness and well-being as key indicators of progress (Ellsmoor, 2021). Also normalised is an automatic association between well-being and quantitative language and assessment (Griffin, 1986). As Kurt Vonnegut (1952, p. 332) expressed in his dystopian treatise Player Piano, “If only it were not for the people, the goddamned people... always getting tangled up in the machinery. If it were not for them, Earth would be an engineer’s paradise.”

Structure of the special issue
The aim of this special issue is to examine the interface between human capital, high involvement and well-being to advance understanding. In doing so, we have selected six papers.

The first paper by Urtzi Uribetxebarria, Mónica Gago, Maite Legarra and Unai Elorza examines how investments in human capital impact the well-being of employees in Spain by focussing on perceptions of high involvement and the role of trust. The study finds that trust acts a hinge upon which human capital is realised in organisations through power, information, reward and knowledge.

Next, Joanna Maria Szulc, Julie Davies, Michal T. Tomczak and Frances-Louise McGregor present a conceptual paper addressing how the above average human capital of neurodivergent employees impacts their work performance and subsequent organisational performance. Using AMO, the paper presents a model of human capital development in the workplace extending contemporary debates on organisational equality, diversity and inclusion in respect of workplace well-being.

Hanvedes Daovisan and Thanapauge Chamaratana present a study examining whether linking social, human and financial capital is important for the labour force in Lao PDR and if there is a positive relationship between occupational well-being and life satisfaction.
This study finds that linking social, human capital and occupational well-being were positively related to life satisfaction, while financial capital is not significantly related to life satisfaction.

The next paper by Li Liu and Yu Jia looks at how the unique configuration of Guanxi HRM can undermine employee well-being in China using psychological needs theory. Drawing on a survey of 321 Chinese employees, the paper investigates the dark side of Guanxi HRM and the multidimensionality of employee well-being.

Our fifth paper, by Andres Salas-Vallina, Susana Pasamar and Mario J. Donate, examines the effect of AMO practices on organisational citizenship behaviour (OCB) in medical staff working in specialized units in public healthcare in Spain. Using the job demands-resources model in a study of 214 employees, they find that AMO practices have a positive effect on OCB. Moreover, work-related well-being mediates the effect of AMO practices on OCB, while service leadership exerted a moderating role between AMO practices and work-related well-being.

Our final paper by Myeong Chul Ko and Jesse W. Campbell looks at the informal dimension of organisational experience and how it can shape performance-relevant employee behaviour, including voluntary turnover. The authors argue that organisational social capital can reduce turnover intention both directly and indirectly via person–organisation fit, organisational cynicism and job satisfaction in a survey of 946 Korean public sector employees. The study demonstrates the value of organisational social capital and how it transitions into organisational outputs.

The research presented in this special issue provides avenues to increase our understanding of the employment relationship particularly how human capital, high involvement and employee well-being interact. Future research could attempt to theorise how and why these interactions work particularly given global interest in well-being. In the context of increasingly precarious employment, we envisage that the issues under consideration in this special issue will become more prominent.

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