

A large, abstract concrete sculpture with a curved, arch-like structure, set against a blue sky and a green field. The sculpture is made of dark, weathered concrete blocks.

# **Organizational Engineering in Industry 4.0**

# **BOOK OF ABSTRACTS**

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**“13<sup>th</sup> International Conference on  
Industrial Engineering and  
Industrial Management” and  
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# The effect of participation on employee well-being and organizational performance: a regional and cross-sectorial empirical study

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**Keywords:** Strategic human resource management (SHRM); HR practices; participation; employee well-being; Organizational performance

## 1 Introduction

People employability, talent and/or motivation can be a source of sustainable competitive advantage; difficult for competitors to imitate (Barney, 1991). Resource Based Value of the firm theory, Human Capital theory or Agency theory are now mainly adopted as a starting point for researchers in SHRM literature (Jiang and Messersmith, 2017). In this vein and considering that *participation* contributes to involve employees in the strategic challenges of the organization (Purcell and Hutchinson, 2007), Kurtulus and Kruse (2017) argued that for *financial participation* to be effective, this form of participation must coexist with *participation in management*. It will therefore be necessary to investigate into the effect produced by the various mechanisms of employee participation in the performance and to know what role well-being plays in this relationship.

## 2 Objectives

The purpose of this article is to empirically examine the relationship between 3 schemes of participation (employee decision-making, profit-sharing and employee ownership), employee well-being and firm performance.

## 3 Methods

The relationship between the studied 3 schemes of participation, employee well-being and firm performance was explored in 278 Basque companies. Objective data was obtained from a national financial company information database for performance measurement. 1,503 employee subjective responses were gathered about participation schemes and their well-being.

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After controlling company size and sector (manufacturing and services were tested in this study), Pearson correlation test were conducted in order to know how the independent variables are related to the dependent one. *t-Student* and Anova statistical tests were also performed to examine differences between participative and non-participative organizations.

## 4 Results

The evidence showed a significant and strong relationship between any form of participation and employee well-being but significant and negative relationship between employee participation in decision-making and firm financial performance. No statistical relationship was found between financial participation schemes and organizational performance.

## 5 Conclusion

On the one hand, participative organizations are associated to a higher employee well-being, measured as a commitment. The analyzed interactions between the 3 studied schemes also demonstrates that employee's decision making participation variable is the one showing higher differences on the commitment.

On the other hand, it is demonstrated the relationship between the organizational size (number of employees) and firm performance (turnover). When the size is controlled for the correlations, financially participated organizations are not showing any firm performance difference.

Finally, it should be noted that while the study confirms the relationship between one of the pillars of HRM and employee well-being, fails to show that HRM is positively related to higher firm performance. We invite, therefore, other authors to continue investigating the mechanisms of *participation* as a contributor to maximize employees well-being and organizational performance.

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