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Sustainable human resource management practices, employee resilience, and employee outcomes: Toward common good values

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Abstract

Extant literature has generated limited understanding of whether and how sustainable human resource management (HRM) will lead to better and more sustainable outcomes, such as enhanced employee well-being and improved employee performance. Moving toward common good values and drawing on the job demands-resources model, this study theorizes and tests the relationships among sustainable HRM practices, employee resilience, work engagement, and employee performance. The empirical results of a multilevel and multisource study in the Chinese context provide supporting evidence for our theoretical model. The findings demonstrate that sustainable HRM practices positively affect employee resilience, and lead to a high level of work engagement among employees. Employee resilience also has an indirect effect on employee performance through work engagement. This study, with its theoretical and practical implications, reveals a serial mediation mechanism through which sustainable HRM practices contribute to both employee well-being and employee performance.

KEYWORDS
common good values, employee performance, employee resilience, employee well-being, job resources, sustainable HRM practices, work engagement

1 | INTRODUCTION

The sustainable aspects of human resource management (HRM) have become increasingly important for organizations, owing to the enhanced global awareness of sustainable development (Cooke & He, 2010; Ren et al., 2020). Consequently, sustainable HRM (SHRM), which connects corporate sustainability to HRM practices, has emerged as an important area of research in HRM (Bush, 2020; Ehnert et al., 2016). The most common conceptualization of SHRM is triple bottom line HRM, which concerns the impacts of HRM on a broader range of outcomes, including financial, environmental, and human and social outcomes (Kramar, 2014; Macke & Genari, 2019).

However, this approach may lead to undesirable outcomes, as the focus on the triple bottom line requires employees to accept more responsibilities while fulfilling different roles that require incompatible behaviors. For example, employees often find that they do not have time, energy, or resources to adequately meet economic, environmental, and social goals, which results in heightened levels of stress and anxiety (Bush, 2020). Such unintended unsustainable consequences demand alternative approaches to bridge the gap between SHRM practices and their impact on desired outcomes (Dyllick & Muff, 2016). Thus, this study focuses on the most recent approach to SHRM practices based on common good values (CGVs).

SHRM practices based on CGVs refer to HRM practices that support firms and their employees in addressing the grand challenges in the world. The United Nations (UN) refer to these as the sustainable development goals (SDGs)[1] to end poverty, protect the planet, and ensure prosperity for all (George et al., 2016; Stahl et al., 2020). Several SDGs are directly relevant to HRM, such as SDG 3 "Good Health and Wellbeing," SDG 5 "Gender Equality," SDG 8 "Decent Work and Economic Growth," SDG 10 "Reduced Inequalities," and SDG 12 "Responsible Consumption and Production" (George et al., 2016). By focusing on the grand challenges, SHRM-CGV also resolves ethical issues due to an overreliance on the strategic HRM approach that underemphasizes the responsibilities of organizations to their employees (Aust et al., 2020; Guest, 2017).

The SHRM-CGV emphasizes values such as dignity, solidarity, and reciprocity within all areas of HRM policies and procedures and introduces HRM practices based on such values (Hollensbe et al., 2014). However, since this approach places collective interests (common good) above individual firms and is open to nonbusiness objectives such as decent work, workplace democracy, societal fairness, and environmental protection (Frémeaux & Michelson, 2017), firms may be concerned that the adoption of relevant SHRM-CGV would eventually lead to reduced efficiency and decreased employee performance (Aust et al., 2020). For example, a firm may be concerned that employees trained for behaving according to high moral and ethical standards would be hindered from searching for more efficient or innovative solutions when performing tasks, or that they may be unable to achieve their performance goals if they focus on the values of fairness and accomplishing tasks through the "common good" means. This also explains why some business leaders are reluctant to consider the adoption of SHRM practices, although, as private citizens, they may intrinsically care about sustainability (Luthra et al., 2018). However, there is limited empirical evidence regarding the intended (or unintended) effects of SHRM-CGV (Aust et al., 2020). Therefore, this study aims to theorize and empirically test how SHRM-CGV influences employees.

The SHRM-CGV views employee interests and well-being as an integral part of an organization's human and social goals, the achievement of which will pave the foundation for HRM to help organizations meet other goals. Thus, the promotion of employee well-being is one of the core goals of SHRM-CGV (Guest, 2017; Kramar, 2014) and is the focus of this study. However, to motivate firms to adopt SHRM-CGV and strive toward common good businesses within the current economic-oriented institutional and organizational settings, it is critical to convince firms that such practices not only do not harm business efficiency or performance, but also have great potential for the improvement of employee performance. Thus, it is important to empirically test the potential effects of SHRM-CGV on both employee well-being and performance, as HRM research should not detach itself from practice (Cooke et al., 2021). However, there is a lack of theorization and empirical evidence on whether and how the adoption of SHRM-CGV will lead to both employee well-being and performance (Stahl et al., 2020). This study contributes to a better theory on the influence of SHRM practices on employee outcomes with empirical evidence.

Drawing on the job demands-resources (JD-R) model (Bakker et al., 2004; Demerouti et al., 2001), the process through which SHRM-CGV influences employee attitudes and behaviors, and ultimately, their performance is investigated. According to the JD-R model, employee well-being is primarily reflected by low levels of stress and burnout, and high levels of work engagement (Demerouti et al., 2001). On the one hand, job demands (e.g., physical workload, time pressure, and role ambiguity) tend to trigger significant stress in employees, lead to energy depletion, undermine employees' motivation, and cause burnout. On the other hand, job resources, including the physical, psychological, social, or organizational aspects of the job (e.g., office, self-efficacy, interpersonal harmony, and career opportunities) help employees achieve their work goals and stimulate personal growth and development (Demerouti et al., 2001). The JD-R model proposes that job resources may buffer the negative impact of job demands on employee well-being and that the adverse influence of job demands on employees is weaker when the workplace is resourceful (Bakker et al., 2004). Therefore, job resources are critical to employees in their own right and crucial for the management and reduction of job demands (Hansez & Chmiel, 2010).

The JD-R model distinguishes two types of job resources: workplace resources that are outside the control of individual employees (e.g., autonomy, task variety, training, compensation schemes, and performance feedback) and personal resources that are within the control of individual employees (e.g., competence and resilience) (Demerouti et al., 2001). This study argues that the presence of SHRM-CGV, which provides valuable workplace resources for employees, helps accrue personal resources and alleviate feelings of discomfort, reduce stress, and enhance well-being (as reflected by a high level of work engagement) and individual performance.

This study focuses on employee resilience, a key personal resource. According to a recent McKinsey report, job redesign, downsizing, restructuring, and layoffs are becoming increasingly common because of the COVID-19 pandemic (Lund et al., 2021). Contemporary workplace challenges have become a major source of increased job stress (Kramer & Kramer, 2020; Tu et al., 2021). The development of resilience is imperative for navigating turbulent and stressful workplaces. When faced with challenges, individuals with a high level of resilience sustain themselves through challenges and present a more adaptive and resource-utilizing capacity to accomplish personal and organizational goals (Malik & Garg, 2020). More importantly, resilient employees experience lower levels of psychological distress as they can quickly adapt to adversity (Tonkin et al., 2018). Therefore, employee resilience is a crucial resource for individuals and organizations to foster well-being and enhance performance. However, research on resilience in an organizational context remains limited, and most literature on resilience fails to explain how employee resilience can be developed (Cooper et al., 2019). To fill this research gap, this study investigated the role of SHRM-CGV in the development of employee resilience, which further affects employee well-being and performance.

We also examine work engagement, which resembles high levels of pleasure and activation and provides organizations with a

competitive advantage (Schaufeli et al., 2002). Owing to their positive attitudes and high activity levels, engaged employees view their work as something they want to devote time and effort to—as a significant and meaningful pursuit, and as engrossing and interesting (Bakker & Oerlemans, 2011). They create positive feedback in terms of recognition, appreciation, and success (Bakker, 2009). In addition, research shows that engaged employees are more likely to enjoy things outside of work and display enthusiasm and energy in the life domain, such as sports and creative hobbies (Bakker & Oerlemans, 2011; Schaufeli, Taris, & Bakker, 2006). Work engagement is a state of work-related subjective well-being that has important implications for both organizations and employees. However, a recent study by Gallup (2021) illustrates that 85% of employees are not engaged at work; this costs the global economy $7 trillion in lost productivity. Thus, for both organizational performance and employee well-being, there is an urgent need to investigate the drivers of work engagement and identify ways to obtain and maintain an engaged workforce (Malik & Garg, 2020).

The present study contributes to the existing knowledge in several ways. First, it draws on the JD-R model (Demerouti et al., 2001) and analyzes various perspectives of HRM and organizational behavior to examine whether and how SHRM-CGV, similar to workplace resources, can be used to develop employee resilience that contributes to desirable work engagement and improved employee performance. It suggests that it is innovative to conceptualize employee resilience as an open skill for development through HRM practices. Second, given that research on HRM outcomes has been dominated by a single-level design, the study responds to the recent call by Peccei and Van De Voorde (2019) to further examine the mediating mechanisms from a multilevel perspective and approach, and contribute to a more substantive understanding of how HRM systems affect employee-related outcomes. Third, with a focus on SHRM practices toward the CGVs (Aust et al., 2020; Dyllick & Muff, 2016), this study is one of the first to theorize and provide empirical evidence on the mechanisms through which SHRM-CGV leads to enhanced employee well-being and also offers opportunities for improved employee performance.

2 | DEFINING KEY CONCEPTS

2.1 | SHRM practices

Over the last decade, SHRM has increasingly drawn the attention of HRM scholars and practitioners because of its expected benefits to both organizations and their stakeholders, including employees and consumers, and the external environment. Several SHRM types have been identified in the literature, based on the emphasis placed on different internal and external outcomes (Aust et al., 2020; Kramar, 2014). The first type is socially responsible HRM, which focuses on human and social purposes and contributes to sustainable organization. Comprising of socially responsible HR behavior, policies, and practices, this type of SHRM aims to create social values (e.g., enhanced organizational social reputation) by enhancing the

awareness of the influence of business on people both inside (e.g., employees) and outside (e.g., customers and suppliers) organizations (Ehnert et al., 2016; Shen & Benson, 2016). However, the underlying objective of HRM activities remains an economic one, as they are used to minimize negative impacts on firms, reduce business risks, increase reputation and attractiveness for human talent, respond to new customer demands, and thereby increase profits and shareholder value (Dyllick & Muff, 2016). As such, socially responsible HRM is subsumed for economic purposes (Voegtlin et al., 2022).

The second type of SHRM is green HRM, which focuses on the economic and environmental outcomes. Green HRM aims to create ecological value by promoting environmentally friendly policies and practices, such as green recruitment (e.g., virtual interviews), green awareness training, and green rewards (e.g., rewarding car-pooling and electronic filing) that lead to better efficiencies, lower costs, and increased employee engagement with reduced carbon footprints (Renwick et al., 2016). It has attracted increased research interest in recent years and focused on raising the awareness of CEOs, executives, and other top managers regarding the importance of considering the environmental dimension in HRM (e.g., Ren et al., 2022). However, like socially responsible HRM, the environmental purpose of green HRM is expected to serve economic purposes, and firms often adopt green practices due to pressures from regulatory bodies and consumer stakeholders.

The third type is triple bottom line HRM, which aims to help firms create "win-win-win" situations or achieve the triple bottom line of people, planet, and profit (Ehnert et al., 2016). It emphasizes the economic, social, and environmental purposes of doing business and uses HRM competencies to contribute to corporate sustainability and sustainably perform HRM (Aust et al., 2020; Bush, 2020). Accordingly, SHRM is defined as the adoption of HRM strategies, policies, and practices that "enable the achievement of financial, social, and ecological goals, with an impact inside and outside of the organization and over a long-term time horizon" (Ehnert et al., 2016, p. 90).

While these three types of SHRM have different focuses, they are all based on an inside-out perspective, which denotes that the focus is on the business itself (Dyllick & Muff, 2016). From this perspective, firms have adapted to the purpose of economic gain to various degrees to accommodate external pressure for more social and ecological responsibilities. Consequently, firms adopt SHRM practices with the aim of minimizing the economic risks associated with people management practices and maximizing or refining shareholder values through enhanced organizational reputation and individual task performance (Aust et al., 2020; Shen & Benson, 2016). That is, all three types of SHRM are essentially focused on the economic purpose of an organization (Kramar, 2014), and firms adopt such HRM practices primarily for business reasons.

The emerging SHRM-CGV approach based on the "outside-in" perspective differs from all three traditional types of HRM. It emphasizes the purpose of a business as "making a positive contribution to overcome sustainability issues and thus serving the common good" (Dyllick & Muff, 2016, p. 166). SHRM-CGV responds to the increasing criticism and unsustainable consequences of the current manner in which HRM research addresses the issues of sustainability and shifts

the traditional "inside-out" models to "outside-in" models that would redefine the purpose of business and the contribution of HRM (Dyllick & Muff, 2016; Hollensbe et al., 2014). With an "outside-in" perspective, rather than a focus on the business itself, HRM practices can be developed to promote greater care about how a business can use its resources, capabilities, and experiences to make it useful in addressing some of the big ecological and social challenges, such as climate change, natural disasters, corruption, unemployment, and pandemics (Dyllick & Muff, 2016).

Converting to the SHRM-CGV approach may sound too radical for firms; however, several common good-oriented movements such as B Corp (Honeyman & Jana, 2019) and the Economy of the Common Good (Felber, 2015)[2] indicate that pioneers around the world have already moved toward the common good business purpose and adopted SHRM-CGV, such as fair and transparent career mechanisms, fair pay and equity, opportunities for participation in decision-making, and the enhancement of CGVs through training (Aust et al., 2020). Other firms have, to various degrees, adopted such practices to meet institutionalized norms and gain legitimacy (Adebanjo et al., 2016; Jakhar et al., 2020). The present study contributes to better theoretical and empirical knowledge of the "outside-in" perspective of SHRM.

Following the ability (A) – motivation (M) – opportunity (O) logic (i.e., the AMO model; Appelbaum et al., 2000), three bundles of SHRM-CGV: the ability bundle, the motivation bundle, and the opportunity bundle, are examined. The ability bundle aims to enhance employees' ability to act and perform. It includes practices such as branding strategies to attract individuals looking for a work environment with high ethical and sustainable standards, recruitment and selection practices to hire people sharing the same values as those of the organization, and extensive training and development programs to align individuals with organizational values. The motivation bundle increases employee commitment and motivation to take sustainable courses of action through contingent rewards. The opportunity bundle provides employees with opportunities to engage in specific activities, such as job design, industrial relations, well-being programs, and charitable giving opportunities (Guerci et al., 2015). In line with previous studies (e.g., Cooper et al., 2019; Ho & Kuvaas, 2020), these three bundles of SHRM practices are combined during our examination of firms' SHRM-CGV (Becker & Gerhart, 1996).

2.2 | Resilience

Resilience was initially discussed as an individual trait that is relatively stable and dispositional (Block, 1961; Wagnild & Young, 1993). In the 1970s, it was conceptualized in the clinical research context as a state open to development and change (e.g., Garmezy, 1971), which began receiving attention in the organizational behavior research domain in the 1990s (Cooper et al., 2019). One key perspective in research on individual resilience in the organizational context comes from positive psychology, represented by Luthans and colleagues
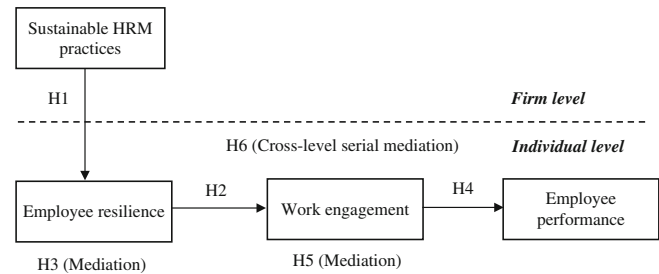
FIGURE 1 Hypothesized multilevel mediation model

(e.g., Luthans, 2002a; Luthans et al., 2005; Luthans et al., 2006), who considered resilience a component of positive psychological capital (PsyCap).

PsyCap contains four components: self-efficacy, hope, optimism, and resilience (Luthans, 2002a). These components can be measured, developed, and effectively managed to improve performance (Luthans, 2002b). PsyCap is a psychological resource that stimulates growth and performance, and can be developed by increasing the knowledge, skills, and abilities of an employee (e.g., through training) and strengthening their social network within the organization (Luthans et al., 2006). Thus, organizations can invest financial capital or other resources to develop their employees' PsyCap. In return, organizations gain competitive advantage through improved employee well-being and performance (Fan et al., 2014; Luthans et al., 2005).

Among all the four aspects of PsyCap, resilience is defined as "the positive psychological capacity to rebound, to 'bounce back' from adversity, uncertainty, conflict, failure or even positive change, progress, and increased responsibility" (Luthans, 2002a, p. 702) and is "the most important positive resource to navigating a turbulent and stressful workplace" (Avey et al., 2009, p. 682). This is because resilience not only involves a positive adjustment to adverse conditions, enabling individuals to return to normal functioning, but can also restore an individual's other PsyCap states of self-efficacy, hope, and optimism after a challenging experience (Luthans et al., 2006). Therefore, organizations need to adopt a more proactive HRM approach to develop their employees' resilience and help them recover from adversity or personal setbacks when they occur (Avey et al., 2009; Zhai et al., 2022).

3 | THEORY AND HYPOTHESES

The examination of the relationships among SHRM-CGV, resilience, work engagement, and employee performance are underpinned based on the JD-R model, where SHRM practices are regarded as critical organization-level workplace resources for employees, and resilience is viewed as an important personal resource (Demerouti et al., 2001). Job resources, irrespective of the level (e.g., organizational or individual), play an intrinsic motivational role as they fulfill the basic needs of employees, including autonomy, competence, and relatedness, and foster individual growth and development. They also play an extrinsic

motivational role as access to resources supports the achievement of work goals. In the case of intrinsic and extrinsic motivation, the presence of job resources creates high work engagement and better performance (Bakker & Demerouti, 2007). In the following sections, the relationships between SHRM-CGV and employee resilience, and employee engagement and performance, are theorized from a multilevel perspective (as depicted in Figure 1).

3.1 | SHRM-CGV and employee resilience

Developing employee resilience is crucial for adapting and responding effectively to environmental changes (Wang et al., 2014). There has been growing interest in the study of the relationship between HRM practices and employee resilience over the past decade, and many empirical studies have confirmed that a coherent set of HRM practices can strengthen employee resilience (Bardoel et al., 2014; Cooke et al., 2019; Cooper et al., 2019; Wang et al., 2014). For example, Wang et al. (2014) found that employee resilience can be developed through HRM interventions such as training and development. Cooper et al. (2019) also report a positive relationship between well-being-oriented HRM practices and resilience. From the perspective of positive psychology (Luthans, 2002a; Luthans et al., 2006) and the JD-R model (Demerouti et al., 2001), this study argues that SHRM-CGV (as firm-level workplace resources) plays a critical role in enhancing the resilience of employees, which is an important personal resource.

With a focus on "doing good," the SHRM-CGV emphasizes the human/social and environmental outcomes that contribute to organizational sustainability (Stahl et al., 2020; Voegtlin et al., 2022). Therefore, implementing SHRM-CGV would mean utilizing HRM competencies (i.e., skills, knowledge, and attitudes) to contribute to the common good and help firms address one or more of the grand challenges (Aust et al., 2020). Accordingly, SHRM-CGV provides employees with opportunities for sustainability training and development, involves employees in decision-making, promotes diversity and equity in the workplace, encourages ethical and sustainable behaviors, and improves employee well-being (Kramar, 2014). All these HRM practices are potential resources used to foster employee resilience, which focuses on the proactive assessment of risks and personal assets that may affect employee outcomes (Luthans et al., 2006). Here, risk refers to any factor or event that leads to undesirable consequences while having no effect if it does not occur (Kraemer et al., 1997). For example, in the workplace, risks include discrimination and bullying (Luthans et al., 2006). Personal assets refer to the predictors leading to positive outcomes that have no influence if they are absent; promotions and mentor programs are examples of such assets (Masten et al., 2002).

Resilience can be developed and enhanced by reducing risks and increasing personal assets (Luthans et al., 2006). First, organizations should proactively reduce the potential for adverse events by creating an ethical and trustworthy organizational culture that prevents internal lapses such as ethical crises, sexual harassment, workplace discrimination, and employee misconduct (Luthans et al., 2006). Through SHRM-CGV, firms communicate the purpose of the business with employees by promoting the common good for benefiting society, further developing a wider sense that individuals and the firm are responsible for one another and the community (Hollensbe et al., 2014). As such, SHRM-CGV facilitates the development of a strong ethical and trustworthy culture through the inclusion of recruitment and selection of employees with high levels of moral standards and leadership programs, and extensive training on ethical issues (practices in the ability bundle). It uses behavior-based performance evaluations instead of outcome-based ones, promotes awards for moral behavior (practices in the motivation bundle), and implements of fair career mechanisms and diversity management (practices in the opportunity bundle).

Second, organizations should proactively add to the existing resources that employees have to increase their personal assets, which are invaluable in the case of unavoidable crises, such as redundancy due to economic downturns (Luthans et al., 2006). These assets could include human capital that is internal to the individual (i.e., personal resources, according to the JD-R model) and social capital that is external to the individual (i.e., workplace resources). Human capital refers to the knowledge, skills, and abilities possessed by individual employees (Jiang et al., 2013), while social capital refers to the actual and potential resources embedded within and derived from the network of relationships possessed by an individual (Nahapiet & Ghoshal, 1998).

On the one hand, SHRM-CGV contains various training and development practices in the ability bundle that aim to develop employees' human capital, including organization-wide training to develop responsible and sustainable values and behaviors, programs enhancing independent decision-making capability, and the development of skills to engage and communicate with multiple stakeholders (Aust et al., 2020; Pless et al., 2012). On the other hand, as employees are more capable of doing good for others due to SHRM-CGV, they are more likely to develop high-quality interactions and positive exchange relationships with different stakeholders, which further extend and strengthen their networks, creating opportunities for developing social capital (Adler & Kwon, 2002). In addition, as SHRM-CGV helps firms create an ethical and trustworthy culture in which reciprocity is valued and practiced, these HRM practices transform employees from self-oriented individuals into members of a community with shared values and norms toward the common good (Adler & Kwon, 2002). As suggested by Adler and Kwon (2002), the sources of social capital lie not only in networks but also in shared norms and trust. Thus, SHRM-CGV contributes to building human and social capital in the workplace, which is critical for developing employee resilience. It should be noted that according to the AMO model, the ability, motivation, and opportunity bundles are mutually reinforced and the influence of HRM practices is best understood by investigating the effect of the HRM system as a whole instead of examining the isolating effects of separate bundles (Ho & Kuvaas, 2020) Thus, the following hypothesis is proposed:

> **Hypothesis 1.** *SHRM-CGV has a positive effect on employee resilience.*

3.2 | SHRM-CGV–resilience–work engagement

Over the past two decades, work engagement has attracted substantial interest from practitioners and scholars (Cooke et al., 2019). Research suggests that engaged employees have high levels of energy and effective connections with their work activities, are enthusiastic about their work, are more likely to invest energy in their jobs, and see themselves as able to deal well with work demands (Lu et al., 2015). Organizations can achieve multiple outcomes (e.g., financial performance and employee development) through a high level of work engagement among employees, which has significant implications for employees' attitudes (e.g., organizational commitment) and behaviors (e.g., citizenship behaviors) (Schaufeli & Bakker, 2004; Schaufeli, Taris, & Bakker, 2006), employee performance (e.g., service quality) (Salanova et al., 2005), and organizational success (e.g., profitability) (Harter et al., 2002).

As a state of work-related well-being, work engagement is defined as "a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption" (Schaufeli et al., 2002, p. 74). Vigor denotes that an individual has "high levels of energy and mental resilience while working, the willingness to invest effort in one's work, and persistence even in the face of difficulties" (Schaufeli et al., 2002, p. 74). Dedication refers to being strongly involved in one's work and experiencing "a sense of significance, enthusiasm, inspiration, pride, and challenge" (Schaufeli et al., 2002, p. 74). Absorption is characterized by employees having high levels of concentration and being happily engrossed in their work (Schaufeli et al., 2002).

This study proposes that employee resilience fosters work engagement. According to the JD-R model, the presence of job resources triggers a motivational process (both extrinsic and intrinsic), leading to high levels of engagement (Bakker & Demerouti, 2007). As an important internal resource, resilience allows individuals to positively appraise their ability to meet job demands and believe that they can satisfy their needs by engaging fully in their organizational goals. It also enables individuals to effectively manage the negative influences of job demands and challenges to prevent burnout, which is the negative antipode of engagement (Schaufeli & Bakker, 2004). When employees have a high level of resilience, they can preserve resources (e.g., time, energy, and positive emotions) and possess additional resources (Chen, 2018). This is because resilient people are open to new experiences and flexible to changing conditions, enabling them to learn from experiences, challenges, and hardships to develop themselves better. In addition, resilient employees generally demonstrate more emotional stability, which helps them build high-quality relationships and social support at work. All these accumulated resources contribute to a high level of work engagement (Avey et al., 2009; Malik & Garg, 2020).

Recent empirical evidence has suggested an association between employee resilience and work engagement. For example, Chen (2018) investigates the role of PsyCap in managers and employees in the service sector in Taiwan and finds that all four aspects of PsyCap (hope, optimism, self-efficacy, and resilience) significantly predicted work engagement. Cooke et al. (2019) report a positive relationship between resilience and engagement in a sample of employees in the banking sector in China. Based on a study conducted in the IT sector in India, Malik and Garg (2020) find that employee resilience positively influences work engagement. Based on this theory and previous research, we hypothesize the following:

> **Hypothesis 2.** *Employee resilience has a positive effect on work engagement.*

Both theoretical reasons and emerging empirical evidence support the association between various bundles of HRM practices and resilience and between resilience and work engagement. However, few studies have followed the SHRM-CGV approach to examine the mechanism through which SHRM practices influence employees' work engagement. Consistent with the JD-R model, we argue that SHRM-CGV, as external job resources, affects employees' well-being by developing personal resources. We focus on examining employee resilience as a crucial personal resource that mediates the relationship between SHRM-CGV and work engagement.

According to the JD-R model, the supply of workplace resources activates employees' personal resources and provides them with greater control over their work environment (Xanthopoulou et al., 2007). When the work environment is resourceful, employees can achieve their goals without excessive investment. The presence of external resources such as proper coaching, high-quality feedback, supportive colleagues, autonomy, and opportunities for professional development helps employees secure and develop more personal resources of resilience. Employees in such environments are less likely to experience burnout. In addition, they are more confident and prouder of the work they do, and are more likely to be vigorous, dedicated, and absorbed in their jobs (Schaufeli & Bakker, 2004). Therefore, we propose the following hypothesis:

> **Hypothesis 3.** *Employee resilience mediates the positive relationship between the SHRM-CGV and work engagement.*

3.3 | Linking resilience and employee performance: Mediating role of engagement

Although resilience may motivate employees to exert additional efforts to succeed and thus increase performance, very limited research has been undertaken on the relationship between resilience and in-role performance (Cooper et al., 2019), except for the studies conducted by Luthans et al., who examine the impact of PsyCap on employees' attitudinal and behavioral outcomes, including performance (Avey et al., 2011; Luthans et al., 2005; Luthans et al., 2010). To narrow this research gap, we examine how resilience contributes to better performance and propose that resilience affects employee performance by influencing the degree to which an individual engages at work.

Individual performance may consist of various sets of activities that contribute to an organization in different ways. In the present study, we are specifically interested in in-role performance, defined as activities that directly serve the accomplishment of core job tasks, reflecting how well an individual performs the duties required by the job (Borman & Motowidlo, 1993). Engaged employees focus on investing their physical energy into their work roles and are cognitively vigilant and emotionally connected to the tasks that constitute their roles (Kahn, 1990). They feel competent, set high goals, and consider work as fun. Thus, they strive toward task-related goals that are intertwined with their in-role scripts, leading to high levels of in-role performance (Christian et al., 2011).

Empirical studies have provided evidence of a positive relationship between work engagement and employee performance. For example, Bakker and Bal (2010) found that engaged teachers performed well and received higher ratings from supervisors. Using a sample of 245 U.S. firefighters, Rich et al. (2010) illustrate that work engagement is positively related to task performance. Based on a cross-sector study of a sample of 144 employees across various sectors in the United States, Bakker et al. (2012) reveal that work engagement is positively related to in-role and contextual (i.e., organizational citizenship behavior) performance. Karatepe's (2013) study of the service sector in Romania confirms that work engagement is positively related to the performance of frontline employees. In their systematic review, Bailey et al. (2017) confirm a robust positive relationship between engagement and performance. Thus, the following hypothesis is proposed:

Hypothesis 4. *Work engagement has a positive effect on employee performance.*

Next, we propose work engagement as the mechanism by which resilience influences an individual's motivation and job performance. Prior studies have examined the direct relationship between PsyCap, including hope, optimism, self-efficacy and resilience, and job performance. For example, Luthans et al. (2007) investigated how the four aspects of PsyCap, individually and collectively as a composite higher-order factor, predict work performance. Their results indicate significant positive relationships between the four individual aspects of PsyCap and performance and between the composite factor and performance. Luthans et al. (2005) find that the positive states of hope, optimism, and resilience of Chinese workers, both separately and collectively as a single construct, are significantly correlated with their performance. However, these studies fail to address why or how the individual PsyCap aspect exerts its effects on individual performance (Avey et al., 2008; Chen, 2015).

According to the JD-R model, resilient employees can maintain a high level of motivation for work engagement, thereby enhancing performance. Using a quasi-experimental study, Van Wingerden et al. (2017) illustrate that personal resource interventions increased the PsyCap level of the participants and their consequent work engagement. Van Wingerden et al. (2017) examine the underlying theoretical mechanisms of the JD-R model, which assumes that work engagement mediates the relationship between job resources/demands and performance. They find that work engagement fully mediates the relationship between PsyCap and self-rated in-role performance. Similarly, based on a sample of 60 leaders and 319 followers from a large telecom company in Taiwan, Chen (2015) finds that the PsyCap of the followers positively influences their in-role performance through the mediating effect of their work engagement. Other than PsyCap, only one empirical study assesses the mediating role of engagement between resilience and job performance and confirms the mediating effect of engagement (Kašpárková et al., 2018). Based on the theoretical analyses and empirical findings, we propose that work engagement is a conduit between employee resilience and job performance.

Hypothesis 5. *Work engagement mediates the positive relationship between employee resilience and in-role performance.*

Thus far, we have argued that SHRM-CGV is associated with work engagement via employee resilience, which is related to employee performance via work engagement. Accordingly, we expect that employees experiencing SHRM-CGV will achieve higher levels of performance. Thus, we propose employee resilience and work engagement as the underlying mechanisms through which SHRM-CGV improves employee performance, leading to the following hypothesis:

Hypothesis 6. *SHRM-CGV has a positive indirect effect on employee in-role performance through employee resilience and work engagement serially.*

4 | METHODS

4.1 | Sample and data collection procedure

Data for this study were collected using online questionnaire surveys conducted in 96 firms in China across several industries (e.g., manufacturing, mining, and banking and finance) from December 2020 to May 2021. China presents an interesting and unique context for studying the relationship between the SHRM-CGV and employee outcomes. On the one hand, China's predominant work values stress on hard work and endurance, and employees are increasingly exposed to stressful work situations. Thus, China provides a conservative test for our model in that, if we find support for our theoretical predictions in the Chinese context, it is reasonable to expect a stronger effect of SHRM-CGV in countries where workplace culture places more emphasis on employee well-being (Siu et al., 2005). On the other hand, to address the social and environmental challenges, the Chinese government has strengthened its environmental regulations and social responsibility reporting policies in recent years (Marquis & Qian, 2014; Zhang et al., 2019). In response to pressure from the government, Chinese companies have adjusted their HRM practices to

integrate sustainability into their operations (Zhang et al., 2019). However, to the best of our knowledge, few empirical studies have investigated how these changes in policies and practices affect workplace outcomes from an HRM perspective.

Several strategies have been adopted to alleviate the concern of common method bias (Podsakoff et al., 2012). First, we utilized well-established and validated scales from the literature. Second, the questionnaires were designed by the research team in English, translated into Chinese, and then back-translated into English following the back-translation procedure suggested by Brislin (1980) to ensure the equivalency of the questionnaires. During this process, it was ensured that the questions were simple and concise, and ambiguous, vague, and unfamiliar concepts were avoided. Third, a multisource strategy was adopted. We designed two sets of questionnaires for the executives and employees. Organization-level information, such as SHRM-CGV, was answered by the chief HR director of each firm and at least one other senior executive (e.g., general or associate general manager). Employees reported individual-level variables, including resilience, work engagement, and performance. The two levels of data were collected at two time points (T1 and T2), with at least a two-week time lag between the organization-level and individual-level surveys, constituting a two-level dataset, given that employees are nested within companies. This method enables the present study to incorporate both organizational and individual levels of analysis by formulating cross-level effects (Shen, 2016). Fourth, anonymity of participants was guaranteed through the survey design to encourage respondents to answer questions honestly. To protect the privacy, anonymity, and confidentiality of the respondents, our surveys did not collect tracking links or identify individual information. Only summarized information is reported, and only the researchers have access to the survey information, which is password protected (Roberts & Allen, 2015).

Our online surveys were supported by a local Chinese government agency in Shandong province, China. Based on our request, at T1 (December 2020), the agency randomly sent the online executive survey package to the general or associate general managers of 150 firms in its administrative jurisdiction. Then, firms that were interested in the surveys distributed the online executive survey to other executives. Two weeks after T1, the employee survey package was distributed to these firms, and they were asked to randomly send the survey to 30 employees. A cover letter was included in each survey package that explained the objective of the survey and assured respondents of the confidentiality of their responses and the voluntary nature of participation in the survey. To increase the response rate, participating firms could opt to receive the final research report on how to improve the financial, social, and environmental performance of their organizations in a turbulent business environment.

After excluding questionnaires that did not match (i.e., there were no returned questionnaires from executives or employees), we obtained paired survey questionnaires from 96 firms, among which 72.90% had fewer than 300 employees, 16.70% had 300 to 1000 workers, and 10.40% had more than 1000 employees. Most firms were in the manufacturing industry (49%) and the energy and mining

sector (28.10%). After excluding 45 questionnaires with more than 15% missing values (Dong & Peng, 2013; Graham, 2009), we acquired 278 usable questionnaires from the executives. Among these respondents, 72.50% were male and 27.50% were female, the average age was 39.80 years, the average tenure with their current employer was 8.80 years, and the time in their current executive positions was 6.50 years. Most of the respondents had a bachelor's degree (39.80%) or college diploma (28.80%). Many worked in privately owned companies (74.90%), whereas others worked for state-owned enterprises (19.30%) or foreign-invested firms (5.80%).

We obtained 1277 usable questionnaires from employees after removing 57 of those with more than 25% missing values (Dong & Peng, 2013; Graham, 2009). Among these respondents, 57.90% were male and 42.10% were female; the average age was 36.40 years, and the average tenure was 4.90 years. Approximately 45.30% of the respondents had a college degree or higher, and more than half worked in the production department (57.40%). In summary, the final sample for the present study consists of 96 firms, including 278 executives and 1277 employees. On average, 3 executives and 13 employees from each firm participated in the survey.

To prepare data for our multilevel analyses, we created a dataset that contained both executive data (firm-level) and employee data (individual-level) by merging the executive and employee survey datasets such that every employee data is connected to the executive data aggregated using SPSS.

4.2 | Measures

Table 1 presents the means, standard deviations, correlations, and internal consistency reliability estimates for all the variables in the hypothesized model. All variables were measured using a Likert-type response scale. The measurements of these variables are discussed below.

4.2.1 | SHRM-CGV

We measured SHRM-CGV using a 22-item instrument adapted from the scale developed by Guerci et al. (2015) and Guerci et al. (2019), which was based on the AMO perspective (Appendix). All items refer to SHRM-CGV and are highly relevant to SDG 3 "Good Health and Wellbeing," SDG 5 "Gender Equality," SDG 8 "Decent Work and Economic Growth," SDG 10 "Reduced Inequalities," and SDG 12 "Responsible Consumption and Production." Following Kostopoulos et al. (2015), the HR manager and at least one senior executive from each firm were asked to rate the extent to which their firms implemented a set of carefully designed SHRM practices using a 5-point Likert-type scale (1 = "never" and 5 = "always"). Thus, we used the simple average of the ratings to measure a firm's intended SHRM-CGV. All items loaded on one factor, constituting a first-order construct. The Cronbach's alpha coefficient for the measure was 0.97.

TABLE 1 Descriptive statistics, correlations, and Cronbach's α reliability

Variable	Mean	SD	1	2	3	4
SHRM-CGV	4.08	0.53	(0.97)			
Employee resilience	4.06	0.71	0.20**	(0.90)		
Work engagement	5.66	1.16	0.18***	0.62***	(0.96)	
Employee performance	4.23	0.60	0.27***	0.70***	0.61***	(0.94)

Note: $N = 1277$. Cronbach's α is boldfaced and in parentheses.
Abbreviations: CGV, common good value; SHRM, sustainable human resource management.
$p < 0.01$.*$p < 0.001$ (two-tailed).

4.2.2 | Employee resilience

We measured employee resilience using the 3-item resilience subscale of the PsyCap instrument developed by Luthans et al. (2007). Employees rated the three items on a 5-point Likert scale (1 = "strongly disagree" to 5 = "strongly agree"). A sample item was, "I usually take stressful things at work in stride." All the items were loaded onto one factor. The Cronbach's alpha coefficient was 0.90.

4.2.3 | Work engagement

We measured work engagement using the 9-item version of the Utrecht Work Engagement Scale, which was developed by Schaufeli, Bakker, and Salanova (2006), and examined three aspects of engagement, namely vigor, dedication, and absorption. Employees rated these items on a 7-point Likert scale ranging from 0 (never) to 6 (always). An example item was "I am immersed in my work." The Cronbach's alpha for the scale was 0.96.

4.2.4 | Employee (in-role) performance

We measured employee performance using the 7-item in-role performance scale developed by Williams and Anderson (1991). Employees rated their own performance for each item on a 5-point Likert scale ranging from 1 = "strongly disagree" to 5 = "strongly agree." The Cronbach's alpha coefficient of this scale was 0.94.

4.2.5 | Control variables

We controlled for several variables that might confound the focal relationships under study to avoid possible erroneous estimations. Existing research indicates that these variables are related to employee work engagement and performance (Boselie et al., 2005). Accordingly, at the individual level, we controlled for an employee's years of service (number of years worked for the company), tenure (number of years in the current position), and age (Boselie et al., 2005; Kim & Kang, 2017; Liu et al., 2017). At the organizational level, we controlled for firm ownership (coded as 1 = "state-owned," 2 = "private-owned," and 3 = "foreign-invested") and firm age (Boselie et al., 2005; Liu et al., 2017; Ren et al., 2022).

4.3 | Data analysis

HRM research has long been criticized for being dominated by single-level studies and falling behind other disciplines in the use of multilevel analytical techniques (Peccei & Van De Voorde, 2019; Shen, 2016). The majority of existing HRM studies have adopted the traditional aggregation or disaggregation approach to process hierarchal data, ignoring potentially meaningful individual- or organization-level variations, which may misrepresent relationships between variables and inflate test statistics (Cheung & Au, 2005; Shen, 2016); therefore, researchers are increasingly calling for the utilization of the multilevel modeling approach in HRM research to integrate macro and micro levels of effects without committing "ecological fallacy" or violating the random sampling assumption (Cheung & Au, 2005; Peccei & Van De Voorde, 2019; Shen, 2016). Thus, this study adopts the multilevel structural equation modeling (MSEM) approach to analyze data with a nested structure.

Our hypothesized model adopted a 2-1-1-1 multilevel mediation design with two mediators to explore the complex underlying mechanisms that translate macro-level HRM intervention into individual employee performance. In this study, SHRM-CGV is conceptualized as a firm-level predictor that influences individual employee performance through the mediation of employee resilience and work engagement at the individual level.

Our study includes 1277 individual observations at the individual level and 96 firms at the organization level, and the mean number of responses at the individual level was 13.30, demonstrating a sufficient sample size for multilevel modeling (Kreft & de Leeuw, 1998; Shen, 2016). Missing values were imputed using the expectation–maximization technique, which is less biased than other methods (Graham, 2009). All analyses were performed using Mplus 8.3 (Muthén & Muthén, 2012). As multilevel modeling has no standard cut-offs for fit indices (Shen, 2016), we adopted multiple model fit indices for single-level structural equation modeling to test the model fit, including chi-square statistics, the Tucker–Lewis coefficient (TLI), the comparative fit index (CFI), the root mean square error of approximation (RMSEA), and the between-level and within-level standardized root mean square residual (SRMR). The criteria of goodness-of-fit indices used to assess the model fit include TLI and CFI with values higher than 0.90; RMSEA is acceptable up to 0.08; SRMR is acceptable when the value is less than 0.10 (Bollen, 1989; Hair et al., 1992; Hu & Bentler, 1998).

4.4 | Multilevel confirmatory factor analyses and validation of the measurement model

To justify multilevel modeling for our data, we assessed the proportion of variance in the mediator and outcome variables that resided among individual employees by calculating intraclass correlation coefficients (ICC (1), ICC (2), and $r_{wg(j)}$). The inter-rater reliability and agreement scores showed a high proportion of variance due to cluster variability in terms of resilience (mean $r_{wg(j)} = 0.88$; ICC: ICC1 = 0.18, ICC2 = 0.80), engagement (mean $r_{wg(j)} = 0.68$, ICC1 = 0.23, ICC2 = 0.84), and in-role performance (mean $r_{wg(j)} = 0.95$, ICC1 = 0.22, ICC2 = 0.84). According to LeBreton and Senter (2008), values of ICC (1) usually range from 0.00 to 0.50. For assessing the reliability of group-level means, values of ICC (2) higher than 0.75 are excellent. Although the multi-item $r_{wg(j)}$ value for work engagement in our study was slightly lower than the widely applied cut-off point of 0.70, it still reflected moderate agreement because the value was much higher than 0.50 (LeBreton & Senter, 2008). Therefore, substantial amounts of variance in employee resilience, work engagement, and in-role performance were explained by firm-level factors, indicating the adequacy of adopting the MSEM approach, which partitions the variance of individual-level variables into within-firm variance and between-firm variance. Modeling multilevel mediation enables us to examine the effects at both the individual and firm levels independently and simultaneously (Preacher et al., 2010).

After assessing the proportion of variance in the mediator and outcome variables, we performed a multilevel CFA in Mplus, involving all variables in our hypothesized model. Although our multivariate normality testing showed that no variable in the hypothesized model violated the normality assumption based on the thresholds of ±2.0 and ±7.0 for skewness and kurtosis, respectively (Byrne, 2010; Hair et al., 2010), we still employed the robust estimator MLR (maximum likelihood parameter estimates with SEs) for multilevel analysis (Muthén & Muthén, 2012). We loaded firm-level items on the firm-level variable (i.e., SHRM-CGV) and all employee-level items on their respective constructs (i.e., employee resilience, engagement, and in-role performance) at both the within- and between-firm levels to test the measurement model and assess construct distinctiveness (D'Innocenzo et al., 2016; Preacher et al., 2010). The results indicated that our hypothesized four-factor multilevel measurement model fits the data well, $\chi^2(901) = 1718.67$, $p < 0.001$, CFI = 0.96, TLI = 0.96, RMSEA = 0.03, SRMR$_{within}$ = 0.02, and SRMR$_{between}$ = 0.07.

Further analyses based on the results of our multilevel CFA revealed excellent reliability and validity of the measurement model. As observed in Table 2, the standardized loadings of all items at both levels were highly significant, ranging from 0.55 to 1.00 ($p < 0.001$), exhibiting adequate item reliability. The composite reliability (CR) for all constructs at both levels ranged from 0.87 to 1.00, which is significantly higher than the cut-off point of 0.70. The values of average variance extracted (AVE) were greater than 0.50. Both CR and AVE had a high convergent validity. The square root of each construct's AVE was also greater than its correlation coefficients with other variables, indicating strong discriminant validity of our multi-indicator measures at both levels (D'Innocenzo et al., 2016; Hair et al., 1992).

5 | RESULTS

5.1 | Hypothesis testing with MSEM

After testing the measurement model, in the second stage of analysis, we modeled a set of partial and full mediation multilevel structural models to test our hypotheses (James et al., 2006). The Monte Carlo method with 5000 iterations and 95% confidence intervals (CIs) was used to examine the mediated effects. Given that all variables measured at the individual level were by default decomposed into within- and between-firm components in our 2-1-1-1 MSEM design, we report our findings for both employee- and firm-level analyses.

Based on our hypothesized model, we first fitted a fully mediated, multilevel model, assuming that the cross-level effect of SHRM-CGV as an integrated bundle on employee performance was fully mediated by employee resilience and work engagement, and that work engagement fully mediated the resilience-performance relationship at both levels. This full mediation model yielded good fit indices: $\chi^2(905) = 2042.65$, $p < 0.001$, CFI = 0.95, TLI = 0.94, RMSEA = 0.03, SRMR$_{within}$ = 0.07, and SRMR$_{between}$ = 0.09. At the firm level, SHRM-CGV exhibited a significant positive relationship with employee resilience ($\gamma = 0.41$, SE = 0.10, $p < 0.001$), suggesting that employee resilience could be achieved or improved via HRM intervention, thus supporting Hypothesis 1. Employee resilience was positively related to work engagement ($\gamma = 0.86$, SE = 0.09, $p < 0.001$), revealing that resilient employees were more likely to be engaged at work. Thus, Hypothesis 2 was supported at the firm level. The model also showed a significant and positive relationship between work engagement and employee performance ($\gamma = 0.85$, SE = 0.09, $p < 0.001$); therefore, Hypothesis 4 was supported at the firm level. At the individual level, employee resilience was positively associated with work engagement ($\beta = 0.62$, SE = 0.03, $p < 0.001$). A positive relationship between work engagement and employee performance was also observed at the individual level ($\beta = 0.60$, SE = 0.03, $p < 0.001$). Therefore, Hypotheses 2 and 4 were supported at both the individual and firm levels.

Our full mediation model also supported the mediation effects proposed in Hypotheses 3 and 5. The cross-level effect of SHRM-CGV as an integrated bundle on work engagement via employee resilience was significant (0.68; 95% CI [0.05, 1.31]), revealing that employee resilience fully mediates the relationship between SHRM-CGV and work engagement. Our findings also demonstrate that work engagement fully mediated the relationship between employee resilience and performance at both levels (Hypothesis 5). The individual-level indirect effect of resilience on performance via engagement was statistically significant (95% CI [0.35, 0.58]). At the firm level, this indirect effect was 1.26 (95% CI [0.07, 2.44]). No significant difference was found between the indirect effects of resilience on performance at both levels (0.08; 95% CI [−0.35, 1.94]). Hypothesis 6 assumed a sequential cross-level mediation effect between SHRM-CGV and employee performance through individual-level mediators of both employee resilience and work engagement. The results revealed a positive indirect effect approaching significant (0.56, $p = 0.07$). However, given that this serial mediation hypothesis is directional, the one-tailed p-value was significant (one-tailed $p = 0.04 < 0.05$). To further test Hypothesis 6, we

TABLE 2 Reliability, convergent, and discriminant validity

Variable	Item	Item reliability STD loading	Composite reliability CR	Convergent validity AVE	Discriminant validity			
Employee level (N = 1277)					RES_w	ENG_w	EP_w	
RES_w	3	0.81–0.84***	0.87	0.68	**0.83**			
ENG_w	9	0.77–0.86***	0.95	0.67	0.61***	**0.82**		
EP_w	7	0.55–0.87***	0.92	0.63	0.68***	0.58***	**0.79**	
Firm level (N = 96)					HRM_b	RES_b	ENG_b	EP_b
HRM_b	22	0.65–0.88***	0.97	0.60	**0.77**			
RES_b	3	0.99–1.00***	1.00	1.00	0.38***	**1.00**		
ENG_b	9	0.95–1.00***	1.00	0.97	0.41***	0.83***	**0.98**	
EP_b	7	0.85–1.00***	0.99	0.95	0.47***	0.96***	0.83***	**0.97**

Note: Values in bold on the diagonal are the square roots of the AVE value. The lower triangular matrix is the correlation coefficient. RES_w = within-level (i.e., employee level) employee resilience; ENG_w = within-level work engagement; EP_w = within-level employee performance. HRM_b = between-level (i.e., firm-level) SHRM-CGV; RES_b = between-level employee resilience; ENG_b = between-level work engagement; EP_b = between-level employee performance.

Abbreviations: AVE, average variance extracted; CR, composite reliability.

***$p < 0.001$.

employed the Bayesian SEM approach and obtained the corresponding 95% credible interval. The results revealed that SHRM-CGV had a significant indirect positive effect of 0.53 (95% CI[3] [0.20, 0.97]) on employee performance through employee resilience and work engagement. Thus, Hypothesis 6 was supported.

A fully standardized mediated effect measure (Cheung, 2009; MacKinnon, 2008; Preacher & Kelley, 2011) was used to assess the effect size of serial mediation. Standardizing the serial indirect mediation using the standard deviations of both the independent and dependent variables illustrated that the serial mediation effect size was 0.67, representing a moderate effect (Cohen, 1992). Therefore, a 1 SD increase in SHRM-CGV adoption will lead to 0.67 SD increase in employee performance through employee resilience and work engagement. That is, employee resilience and work engagement sequentially mediated the HRM-performance relationship. This finding indicates that the underlying mechanisms through which SHRM-CGV enhances employee performance might be far more complex than those revealed by single-mediator models (e.g., Karatepe, 2013; Zhang et al., 2014). Table 3 summarizes the results of the hypothesis tests. The standardized estimates of the hypothesized two-level path model are illustrated in Figure 2.

We also introduced control variables that might have influenced our hypothesized relationships in the full mediation model. The results show that controlling for these variables did not change the pattern of outcomes, although length of service was positively related to in-role performance ($\beta = 0.09$, SE = 0.05, $p < 0.05$), and employee age was positively related to work engagement ($\beta = 0.07$, SE = 0.03, $p = 0.05$). At the firm level, firm age was negatively related to employee resilience ($\gamma = -0.25$, SE = 0.09, $p < 0.01$), and firm ownership was negatively related to employee performance ($\gamma = -0.15$, SE = 0.06, $p < 0.05$), indicating that the employee performance of foreign-owned enterprises was higher than that of their counterparts in privately owned and state-owned companies.

5.2 | Robustness checks

To obtain a better understanding of the mediation mechanism between HRM and employee performance, apart from the full mediation model, we fitted several partial mediation models at the firm level, assuming that, for example, employee resilience partially mediates the HRM-engagement relationship, or employee resilience and work engagement partially mediate the HRM-performance relationship. As illustrated in Table 3, in these partial mediation models, the direct paths from SHRM-CGV to work engagement and performance were not statistically significant. Given that the serial mediation chain from SHRM-CGV to employee performance via employee resilience and work engagement is of great interest to this study, we retained the full mediation model as the preferred model.

5.3 | Supplementary test

5.3.1 | The effects of ability, motivation, and opportunity bundles

Although we argued earlier that the influence of HRM practices is best understood by investigating the net effect of the HRM system as a whole, HRM practices within every single bundle may also impact the development of employee resilience, as each bundle of practices could either help increase personal assets or reduce risks (Subramony, 2009). Therefore, we ran a supplementary test to ascertain the effect of each bundle of SHRM-CGV, in addition to the net effect. First, the ability bundle contains HRM practices primarily related to staffing and training that focus on increasing the individual and collective knowledge, ability, and skill levels of the workforce to behave and perform ethically, responsibly, and sustainably. These practices will increase employees' access to knowledge, skills, and abilities, which allows them to feel

TABLE 3 Results of the hypothesized full/partial mediation models: Paths, estimates, model fit indices, and indirect effects

| Hypothesis | Path | Estimate (SE) | | Indirect effect | Hypothesis test |
		The full mediation model	The partial mediation model		
	Firm level (between-firm level)				
1	SHRM-CGV – Employee resilience (a)	0.41*** (0.10)	0.38*** (0.10)		Supported
2	Employee resilience – work engagement (b)	0.86*** (0.09)	0.81*** (0.10)		Supported
3	Resilience mediates the SHRM-CGV – engagement relationship (a × b)			a × b = 0.68, 95% CI [0.05, 1.31]	Supported
4	Work engagement – Employee performance (c)	0.85*** (0.09)	0.08 *ns* (0.10)		Supported
5	Work engagement mediates the resilience-engagement relationship at the firm level (b × c)			b × c = 1.26, 95% CI [0.07, 2.44]	Supported
6	Resilience and engagement mediate the SHRM-CGV – performance relationship (a × b × c)			a × b × c = 0.56, 90% CI [0.06, 1.07]	Supported
	Employee resilience – employee performance		0.84*** (0.09)		
	SHRM-CGV – work engagement		0.11 *ns* (0.08)		
	SHRM-CGV – employee performance		0.12 *ns* (0.08)		
	Employee level (within-firm level)				
2	Employee resilience – Work engagement (d)	0.62*** (0.03)	0.61*** (0.03)		Supported
4	Work Engagement – Employee performance (e)	0.60*** (0.03)	0.27*** (0.04)		Supported
5	Work engagement mediates the resilience-engagement relationship at the employee level			d × e = 0.46, 95% CI [0.35, 0.58]	Supported
	Employee resilience – employee performance		0.52*** (0.05)		
	Model fit indices				
	Chi-square statistics	$\chi^2(905) = 2042.65$***	$\chi^2(901) = 1718.66$***		
	CFI	0.95	0.96		
	TLI	0.94	0.96		
	RMSEA	0.03	0.03		
	SRMR$_{within}$	0.07	0.02		
	SRMR$_{between}$	0.09	0.07		

Note: ***$p < 0.001$; *ns*: not statistically significant.
Abbreviations: CFI, comparative fit index; RMSEA, root mean square error of approximation; SRMR, standardized root mean square residual; TLI, Tucker–Lewis coefficient.

confident and resilient because of enhanced human capital (Chen, 2018). In other words, the ability bundle increases employee resilience as it adds to the existing resources employees have in the case of unavoidable crises.

Practices in the motivation bundle are critical for proactively avoiding circumstances and reducing the risks that may cause adverse events. For example, practices such as behavior-based performance reviews, rewards for good citizenship, and sanctions for those who breach the organization's sustainable and ethical standards help direct employees' efforts toward not only the accomplishment of work goals, but also desired moral and sustainable behavior. Thus, this bundle plays an important role in developing a strong ethical culture that deters internal lapses such as ethical crises, sexual harassment, and employee misconduct, which may cause those involved to face adverse events (Luthans et al., 2006).

The opportunity bundle aims to empower employees to make decisions through job design; facilitate employee participation and voice using upward feedback mechanisms; and improve employee well-being via work-life balance practices, employee assistance programs (EAPs), diversity management, and inclusive practices (Guerci et al., 2015; Subramony, 2009). Opportunity-enhancing practices can facilitate the reduction of risks and increase in personal
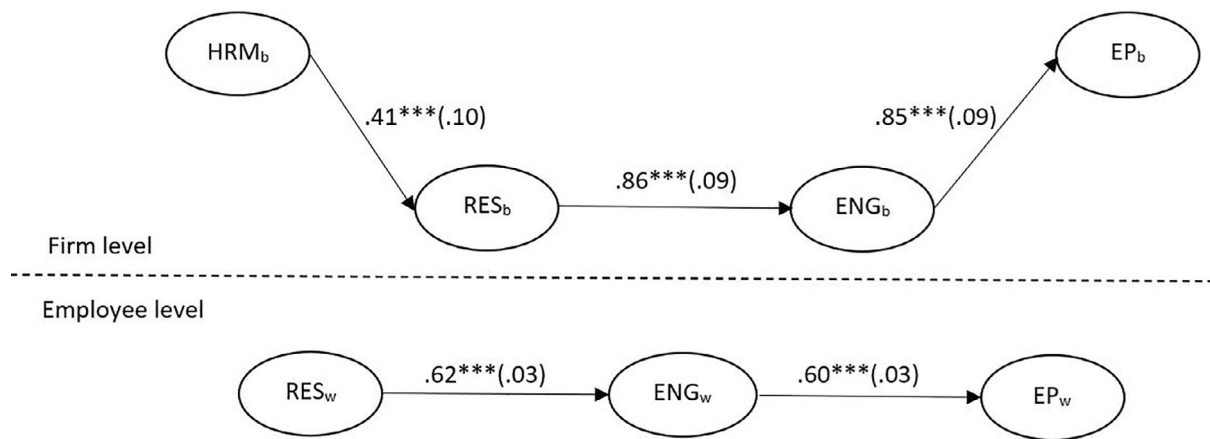
FIGURE 2 Results of the multilevel hypothesized path model. Standardized coefficients with SEs in parentheses are reported. Firm level variables are based on $n = 96$, and employee-level variables for $n = 1277$. RES_w = within-level (i.e., employee level) employee resilience; ENG_w = within-level work engagement; EP_w = within-level employee performance. HRM_b = between-level (i.e., firm-level) SHRM-CGV; RES_b = between-level employee resilience; ENG_b = between-level work engagement; EP_b = between-level employee performance. ***$p < 0.001$

TABLE 4 Results of the hypothesized full mediation model when examining the ability, motivation, and opportunity dimensions separately

Path	Estimate (SD)	Indirect effect
Firm level (Level 2)		
Ability-enhancing HRM – employee resilience (a)	0.38** (0.12)	
Motivation-enhancing HRM – employee resilience (m)	0.40*** (0.12)	
Opportunity-enhancing HRM – employee resilience (o)	0.41** (0.12)	
Ability-enhancing HRM – employee resilience – work engagement (a × b)		a × b = 0.52, 95% CI [0.17, 0.96]
Motivation-enhancing HRM – employee resilience – work engagement (m × b)		m × b = 0.55, 95% CI [0.19, 1.02]
Opportunity-enhancing HRM – employee resilience-work engagement (o × b)		o × b = 0.59, 95% CI [0.21, 1.08]
Resilience and engagement mediate the ability-enhancing HRM-engagement relationship (a × b × c)		a × b × c = 0.46, 95% CI [0.15, 0.87]
Resilience and engagement mediate the motivation-enhancing HRM-engagement relationship (m × b × c)		m × b × c = 0.45, 95% CI [0.15, 0.84]
Resilience and engagement mediate the opportunity-enhancing HRM-engagement relationship (o × b × c)		o × b × c = 0.48, 95% CI [0.17, 0.89]

Abbreviations: CI, confidence interval; HRM, human resource management.
**$p < 0.01$; ***$p < 0.001$.

resources. For example, empowerment and voicing mechanisms could help build trust in management, which is an important psychological resource (Yin et al., 2019a, 2019b). EAPs include counseling services that provide employees with coping strategies or training that is critical to the prevention or remediation of personal problems they may experience in the private life domain or within the workplace (Bardoel et al., 2014; Kirk & Brown, 2003). Through diversity management and inclusive practices, organizations can foster an environment of social support and trust, where employees can develop strong bonds with their peers, supervisors, and managers. These bonds could serve as a resource strengthening the resilience capacity of employees when adverse events occur (Bardoel et al., 2014; Luthans et al., 2006). Therefore, ability, motivation, and

opportunity bundles in isolation will lead to increased employee resilience.

5.3.2 | Additional multilevel analyses

To dig deeper into our data and better understand how specific SHRM-CGV dimensions such as ability, motivation, and opportunity bundles contribute to employee resilience, engagement, and in-role performance, we followed Fu et al. (2017) and conducted additional multilevel analyses, viewing SHRM-CGV as a second-order construct with three first-order factors. Table 4 presents the results in which employee performance, engagement, and resilience were separately

regressed on the three dimensions of HRM. This analytic strategy was pursued to avoid the severe multicollinearity issue due to the high correlations among the three first-order independent variables (e.g., $r = 0.95$, $r = 0.96$, and $r = 0.90$ between the ability and motivation bundles, ability and motivation bundles, and motivation and opportunity bundles, respectively).

The results provide supporting evidence for our full mediation model with HRM as an integrated bundle, revealing the same relationships among variables at both individual and firm levels. For example, all ability, motivation, and opportunity bundles were positively related to employee resilience at the firm level ($\gamma = 0.38$, SD $= 0.12$, $p < 0.01$ for the ability bundle; $\gamma = 0.40$, SD $= 0.12$, $p < 0.001$ for the motivation bundle; and $\gamma = 0.41$, SD $= 0.12$, $p < 0.01$ for the opportunity bundle). The results also support a sequential mediation effect between the three dimensions of SHRM-CGV and employee performance through both employee resilience and engagement (see Table 4). The indirect serial mediation effect of the ability, motivation, and opportunity bundles on employee performance through employee resilience and work engagement was 0.46 (95% CI [0.15, 0.87]), 0.45 (95% CI [0.15, 0.84]), and 0.48 (95% CI [0.17, 0.89]), respectively, lower than that of SHRM-CGV as a combined system. The effect sizes calculated using the fully standardized mediated effect measure (Cheung, 2009; MacKinnon, 2008; Preacher & Kelley, 2011) revealed that the three AMO bundles had a positive effect on employee performance (0.39 for the ability bundle, 0.29 for the motivation bundle, and 0.47 for the opportunity bundle), among which the opportunity bundle had a greater positive impact on employee in-role performance than the ability and motivation subsystems. It is interesting to note that all these individual effects were much lower than the effect of SHRM-CGV as a united bundle (0.67). Such findings support the AMO theory that ability, motivation, and opportunity bundles support and augment each other, constituting an integrated system (Dyer & Reeves, 1995; Jiang & Messersmith, 2018).

To better understand how work engagement mediates the employee resilience-performance relationship, we also tested work engagement as a second-order factor with vigor, dedication, and absorption dimensions (Schaufeli, Bakker, & Salanova, 2006; Schaufeli, Taris, & Bakker, 2006). The results indicate that these three dimensions were highly correlated at both levels and had to be tested separately to avoid multicollinearity. However, no change was found in terms of the relationships among variables, lending support to our full mediation model and the notion that all vigor, dedication, and absorption dimensions are important for work engagement. Therefore, in this study, work engagement was treated as a first-order construct.

6 | DISCUSSION

This study theorizes a serial mediation mechanism through which SHRM-CGV affects both employee well-being and employee performance. Our empirical results support the hypothesized model. First, we find a positive cross-level effect of SHRM-CGV on employee resilience (Hypothesis 1), and ability, motivation, and opportunity bundles

in isolation also has a positive effect on employee resilience. Second, resilience is positively related to work engagement (Hypothesis 2). Third, results show that employee resilience fully mediates the relationship between SHRM-CGV and work engagement (Hypothesis 3). Consistent with Hypothesis 4, we find a positive relationship between work engagement and employee performance, and that work engagement fully mediates the relationship between employee resilience and employee performance (Hypothesis 5). Collectively, these findings confirm the potential serial mediation effect of employee resilience and work engagement on the link between SHRM-CGV and employee performance (Hypothesis 6). Our research makes theoretical contributions to SHRM and positive psychology, and practical implications for managers and organizations.

6.1 | Theoretical implications

6.1.1 | Contributions to existing literature

This study makes several theoretical contributions to the existing literature. First, it provides a new theoretical approach to understanding the impact of SHRM on human and social outcomes (Kramar, 2014). The current HRM literature examines HRM-outcomes relationships almost exclusively from the perspective of strategic HRM, focusing on the effects of HRM practices on various aspects of organizational performance, including economic outcomes, productivity, and service quality (Peccei & Van De Voorde, 2019). The HRM policies and practices advocated by strategic HRM (e.g., high-performance and high-involvement work systems) are explicitly aimed at achieving organizational goals and improving organizational performance, particularly financial performance (Kramar, 2014). Although some strategic HRM frameworks recognize the influence of HRM policies and practices on employees (e.g., DuBois & Dubois, 2012), the value of these employee-related outcomes is reflected in their contribution to the organization rather than accruing to the employees themselves. While HRM literature has begun to study employee attitudes and behaviors, HRM scholars often view employee outcomes primarily as a means for better organizational performance, with little concern for employee well-being or mutual gains (Hastuti & Timming, 2021). Thus, the strategic HRM approach may result in ethically problematic issues due to the focus on economic outcomes at the expense of employee well-being (Guest, 2017).

In contrast to strategic HRM, SHRM has emerged as a more recent approach that recognizes that organizations have responsibilities not only to their shareholders but also to different stakeholders (Macke & Genari, 2019). However, despite the growing academic interest in and suggested benefits of SHRM, little is known about whether and how SHRM will lead to better and more sustainable outcomes, such as enhanced employee well-being and improved employee performance (Stahl et al., 2020). To address this gap in the literature, our study responds to the recent call by Guest (2017) for a new theoretical approach to HRM that enhances employee well-being, and offers an alternative to the strategic HRM approach for promoting high employee performance.

In this study, we draw upon the JD-R model to argue that the SHRM approach is fundamentally different from the strategic HRM approach, which can create work demands that are strongly associated with stress (Conway et al., 2016). Our results demonstrate that SHRM-CGV provides valuable job resources that can enhance employee well-being and offer opportunities for high performance. Our study expands the knowledge of why HRM might promote employee well-being and performance by highlighting employee resilience as the underlying mechanism through which SHRM-CGV influences employees.

Second, this study brings the perspectives of HRM and organizational behavior to identify how HRM interventions might lead to positive psychological states and enhanced employee engagement. Although prior research has suggested that contextual factors in the workplace play an important role in one's capacity for resilience (Chen, 2018; Cooke et al., 2019; Cooper et al., 2019; Luthans et al., 2006), there is a lack of knowledge regarding how resilience, as a personal resource, can be developed in the workplace. There has been limited research on whether SHRM-CGV, an important contextual influence, promotes employee resilience, which has important and positive implications for work engagement and employee performance. Despite the increasing attention paid to resilience as a positive psychological capital construct, the concept has not been adequately tested empirically within organizational settings, particularly in relation to SHRM-CGV. Thus, our study fills an important research gap in the positive psychology literature by examining employee resilience in an organizational context and identifying the role of SHRM-CGV as a whole system in developing resilience and promoting employee well-being.

Specifically, we find that the bundle of SHRM-CGV at the firm level can be used as workplace resources to activate personal resources, such as employee resilience, leading to improved employee well-being and outcomes. This is an important finding, as very few studies have treated the bundles of HRM practices as job resources; instead, they have primarily focused on other job characteristics, such as autonomy and interpersonal work relationships, and individual management practices, such as compensation schemes and training (Cooke et al., 2019). Individual practices have limited ability to generate influence in isolation; however, in combination, they enable a firm to realize its full competitive advantage (Becker & Gerhart, 1996). Therefore, our findings support the argument that HRM practices should be integrated into a whole system and studied as synergies when investigating their effects as resources for employees (Ho & Kuvaas, 2020; Yin et al., 2019a).

Moreover, notwithstanding the important influence of SHRM-CGV as a system at both employee and firm levels, we run additional tests to generate further insights into how each of the three HRM bundles (ability, motivation, and opportunity) influences resilience and, consequently, employee outcomes. The literature has highlighted the importance of categorizing HRM practices into different bundles and has called for empirical research on the utility of this categorization (Boselie et al., 2005; Subramony, 2009). This study contributes to the literature on the AMO framework by providing additional evidence of the positive relationships between the three HRM bundles and resilience.

Third, the finding that employee resilience acts as a mediator of the cross-level relationships between SHRM-CGV and individual outcomes contributes to the HRM literature (Aust et al., 2020; Jiang et al., 2013). Despite accumulating evidence supporting the relationship between HRM practices and employee outcomes, there is a lack of clear understanding of the key mediators linking HRM to employee outcomes. Thus, we contribute to this stream of research by examining the multilevel mechanisms through which SHRM-CGV affects employee outcomes (Peccei & Van De Voorde, 2019). Drawing on the JD-R model, we theoretically delineate how SHRM-CGV relates to work engagement and employee performance. Our results demonstrate that SHRM-CGV contributes to work engagement as an important employee well-being factor by enhancing employees' positive psychological capital of resilience at the individual level.

Fourth, our results confirm the superiority of SHRM-CGV in workplace management in the Chinese context, which has been lagging in terms of prevailing social norms toward the embracement of progressive HRM practices. By revealing how SHRM-CGV can contribute to employee performance through the mechanisms of promoting employees' personal resources of resilience and their well-being of work engagement in a country context where hard work, overtime, competition, and discipline continue to be the dominant workplace norms, we are more positive that our results on the effects of SHRM-CGV should be found equally or more effective in other contexts.

Most importantly, our findings propel research on SHRM by conceptualizing SHRM as a common good approach, which supports firms to address the grand sustainability challenges articulated by the SDGs. In practice, there have been positive movements toward a common good business model in recent years; however, scholarly HRM research has not empirically addressed the role of SHRM-CGV or investigated the implications of such practices for firms. By theorizing and empirically testing how SHRM-CGV leads to desirable employee outcomes, our study significantly contributes to the existing knowledge in the SHRM literature and responds to Cooke et al.'s (2021) recent call for more contextualized and practice-oriented HRM research.

Although SHRM-CGV emphasizes more on the grand challenges than on individual firms' economic gains, our research illustrates that it is important to examine what SHRM-CGV means for both employee well-being and performance to motivate firms to adopt the same. Thus, the finding regarding the serial mediation chain effects of SHRM-CGV on employee performance makes our study not only significant in terms of contributing to theory development in SHRM but also in providing more convincing evidence to encourage firms to adopt common good practices.

6.1.2 | Theory development directions for future SHRM research

The finding of the hypothesized serial mediation chain from SHRM-CGV to employee performance offers important implications for the

theoretical development of future studies. First, we examined firms' intended HRM practices. However, what matters more may be how employees experience or perceive firm-imposed HRM practices. Although firms use the HRM system to send messages to employees regarding their expectations and how they should behave, it is always possible that employees will not interpret such messages as they were intended because individual employees apply different schemas in perceiving and interpreting HRM-related messages (Jiang et al., 2017). Thus, there may be gaps between firm-level practices and how employees interpret, perceive, or experience them. Such gaps would widen if issues of legitimacy arise when firms introduce these practices in a way that seems to conflict with the messages being conveyed through HRM practices (Cooke et al., 2021). For example, in our study, SHRM-CGV may be implemented through an authoritarian approach, taking into account the research context of China, where authoritarian leadership is widely practiced due to the influence of high-power distance culture (Littrell, 2007). Although employees may accept such an approach, the authoritarian implementation of SHRM-CGV may be perceived by employees as conflicting with the underlying core values of these common good practices, given that one of the purposes of these practices is to promote workplace democracy (Timming, 2015). As a result, employees may perceive that firms introduce such HRM practices only for legitimacy rather than for the common good. In such cases, employees may perceive the introduced HRM practices as a source of demand rather than resources. Consequently, this misalignment between firm-level practices and employee perceptions regarding these practices may lead to unsustainable consequences, such as reduced engagement and, consequently, decreased performance. Therefore, future studies can benefit from developing a refined theoretical model of the "SHRM-outcomes" relationship. Such a model will shed light on the congruence or incongruence between firms and employees regarding SHRM practices and their consequent effects on employee well-being and performance.

Second, the contingency perspective asserts that HRM practices are more effective when they are properly aligned with organizational conditions (Delery & Doty, 1996), but firms "often have HRM systems in place that are not the best fit" (Jackson et al., 2014, p. 25). Thus, it is very likely that the extent to which SHRM-CGV promotes desirable employee outcomes is shaped by firm-level boundary conditions. Scholars studying strategic HRM have noted that organizational factors (e.g., business strategy and firm leadership) and contextual factors (e.g., industry and institutional contexts) can moderate the effects of HRM practices on employee outcomes (Chow & Liu, 2009; Jackson et al., 2014). Our finding of the cross-level serial mediation demonstrates a potential need for further investigation into the contingent factors for a better understanding of the "SHRM-outcomes" relationship. One firm-level contingent factor for consideration is whether the focal firm has an explicit and clear (CGV-based) sustainable business strategy, which could also drive organizational culture by focusing on translating sustainability challenges into business opportunities (Dyllick & Muff, 2016; Lopez-Cabrales & Valle-Cabrera, 2020). Thus, the ongoing alignment of sustainability strategies and HRM practices will provide a sound basis for optimizing the chances

of moving toward the common good and lead to a sustainable competitive advantage for the firm (Buller & McEvoy, 2016).

A factor related to sustainable business strategy is firm executives' sustainable leadership (Zhao et al., 2022), which could also act as a contingent condition for the "SHRM-outcomes" relationship. Sustainable leadership is concerned with creating profits for a firm while improving the lives of all stakeholders (McCann & Sweet, 2014). Firm executives with sustainable leadership behave sustainably according to the CGVs (Aust et al., 2020). While HRM practices convey messages to employees regarding what and how they are expected to behave, employees perceive, evaluate, and interpret executives' intrinsic care by observing and experiencing their leadership. The match or mismatch between executives' (un)sustainable leadership and HRM practices results in differential effects on employee outcomes. Additionally, as suggested by Cooke et al. (2021), there is a need to develop a better understanding of the roles of contexts when conducting HRM research. This is because HRM practices do not take place in vacuum; rather, firms adopt certain HRM practices as a response to both the internal and external environments. However, the SHRM literature has largely neglected the influence of context (Aust et al., 2020). Thus, future theory development could examine the roles of external factors such as government or other regulatory bodies in the "SHRM-outcomes" relationship.

Third, we should be cautious that shifting the focus of HRM practices from a strategic approach to a sustainable approach does not mean that we should abandon the strategic HRM approach (Guest, 2017), since within the current economic system, it is more realistic for firms to adopt both strategic and SHRM practices (Aust et al., 2020). In practice, the effects of different sets of HRM practices may be contingent on each other (Jiang et al., 2012). Future studies could examine the interplay between strategic and SHRM practices and their subsequent influence on employee well-being and performance.

6.2 | Practical implications

The results of this study have several practical implications. First, the findings support the need to adopt a SHRM approach to managing people. Our results indicate that employees will develop more personal resources when organizations invest in and show their care toward employees by implementing SHRM-CGV, which, in turn, could increase the probability of obtaining desirable work engagement and performance. Second, by unpacking the process of how employee resilience may lead to enhanced employee well-being and performance, our study suggests the importance of fostering work engagement, which can be achieved by offering interventions aimed at increasing workplace and personal resources. Our findings illustrate that obtaining both engaged and resilient employees is critical to organizational success. Through the mechanisms of resilience and work engagement, SHRM-CGV influences employee performance.

Third, our study helps organizations identify ways to develop and support a resilient workforce. To remain viable, organizations must respond quickly to the dynamic and uncertain environment due to resource scarcity, technological advancements, changes in

government policies, and pressures from diverse stakeholders (Benn et al., 2018). This demand is exacerbated during crises, such as COVID-19. Employees play a vital role in the capability of their organizations to be agile through their attitudes and behaviors (e.g., openness to change and work engagement) and the ability to meet targets under uncertainties. Considering this increase in organizational pressure, complexities presented in the external environment, and fast-paced changes in the workplace, employees are faced with increased job demands, such as high workload and responsibilities, time pressure, and role ambiguity, which may negatively influence their health and well-being, further adversely affecting their ability to achieve high job performance (Cooke et al., 2019; Demerouti et al., 2001). In the context of high job demands and threats, the presence of resources has become even more critical, as our results indicate that the job resources of SHRM-CGV have the motivational potential to lead to high work engagement and strong performance.

Fourth, our results on the effect of each of the three HRM bundles on resilience and consequently employee outcomes have implications for small- and medium-sized enterprises (SMEs). Owing to the lack of resources (e.g., money and time), SMEs are constrained from implementing the entire set of SHRM-CGV. However, they can consider adopting some aspects of the ability, motivation, and opportunity bundles of practices as a starting point, as each bundle in isolation could help develop employee resilience, resulting in improved employee outcomes.

Moreover, our results suggest that organizations should provide more resources to employees through SHRM-CGV, such as sustainable training and development, voicing mechanisms, fair career mechanisms, and work-life balance policies, to develop their employees' positive psychological capital of resilience, which will play a positive role in promoting employee well-being and offering opportunities to enhance employee performance. For firms whose executives are still hesitant about the practical values of SHRM-CGV, we have demonstrated the effectiveness of such practices in improving their workplace productivity, even under the condition of prevailing social norms and a workplace culture that appears to run against progressive HRM practices. Our results should provide firms more confidence to adopt the "Common Good" practices that are not directly related to their business objectives. Our study helps corporate executives to better appreciate that such practices not only do not harm their firms, but also have the potential to boost employee performance and help firms enhance competitiveness.

6.3 | Limitations

Our study had some limitations that provide opportunities for future research. First, our study was conducted within one institutional context, which may have affected the generalizability of our findings to other national contexts. Although we argued that the Chinese context provided a "conservative" test for our model, future research using institutionally and culturally diverse samples would add value by exploring the influence of the national context on organizations' adoption of SHRM practices (Kramar, 2014). Another promising direction for future research is to examine the organization-level boundary conditions

(e.g., depth of corporate social responsibility and leadership) for the hypothesized relationships to develop a more complete understanding of how HRM practices affect employee well-being and performance.

Second, the measure of SHRM-CGV used in the present study was based on the AMO perspective. Based on the three-pillar concepts of (economic, environmental, and social) sustainability (Purvis et al., 2019), future studies can categorize HRM practices into economic, environmental, and social HRM practices and investigate the strength of the impact of each bundle of practices on employee and organizational outcomes.[4]

Third, we consider employee resilience and work engagement as mediators in the research model. However, other variables may be valuable for explaining the process through which HRM practices affect employee outcomes. Future studies may examine alternative mechanisms between SHRM-CGV and employee outcomes, such as the role of organizational commitment and psychological empowerment as mediators, and employees' other types of subjective well-being (e.g., job satisfaction and happiness at work), nonwork-related well-being, work-family balance, and intention to leave as outcomes.

Fourth, we acknowledge two potential improvements in our measurements and the study design. First, the relatively large effects of work engagement on employee performance in the single-source data observed in Table 3 must be carefully interpreted. Given that both the variables are reported by employees, there is a possible impact of common method bias (Podsakoff et al., 2012). As such, our empirical results are consistent with previous studies regarding the relationship between work engagement and employee performance (see, e.g., Bailey et al., 2017; Bakker & Bal, 2010; Rich et al., 2010). Similar empirical results alleviate concerns about the impact of self-reported measures on theorized relationships. Future research can replicate our findings using multisource performance ratings (Conway & Lance, 2010). Second, although we measured employee resilience, work engagement, and employee performance at different points in time from the antecedent variable of SHRM-CGV, the time lag between T1 and T2 might be too short. Owing to the complexity of managing multiple waves of data collection, many participating organizations in the present study were reluctant to respond to a longer time lag, such as 3 months. Additionally, we measured employee resilience and work engagement simultaneously with employee performance, and therefore, we are unable to make causal inferences. Future research could test these relationships using a longitudinal design to collect data on mediators and employee performance at different time points.

7 | CONCLUSION

Drawing on the JD-R model and the positive psychology perspective, this study proposes a serial mediation mechanism through which SHRM-CGV contributes to both employee well-being and employee performance. We conducted a multilevel and multisource study to test our model in the Chinese context. The findings show that SHRM-CGV leads to increased employee resilience, which positively relates to a high level of work engagement among employees.

Employee resilience also has an indirect effect on employee performance via work engagement. This study advances our knowledge regarding the HRM-outcomes chain and highlights the important role of SHRM-CGV in achieving the human and social goals of a business and consequently in creating sustainable organizations. Our study also demonstrates how future research could advance the field of SHRM by adopting a wider range of theoretical approaches.

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CONFLICT OF INTEREST

The authors declare no conflict of interest.

DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available upon reasonable request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

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ENDNOTES

[1] In the UN summit held in September 2015, 193 member states of the UN adopted a set of 17 SDGs to end poverty, protect the planet, and ensure prosperity for all as a part of a sustainable development agenda. These 17 SDGs are SDG 1 "No Poverty;" SDG 2 "Zero Hunger;" SDG 3 "Good Health and Wellbeing;" SDG 4 "Quality Education;" SDG 5 "Gender Equality;" SDG 6 "Clean Water and Sanitation;" SDG 7 "Affordable and Clean Energy;" SDG 8 "Decent Work and Economic Growth;" SDG 9 "Industry, Innovation, and Infrastructure;" SDG 10 "Reduced Inequalities;" SDG 11 "Sustainable Cities and Communities;", SDG 12 "Responsible Consumption and Production;" SDG 13 "Climate Action;" SDG 14 "Life below Water;" SDG 15 "Life and Land;" SDG 16 "Peace, Justice, and Strong Institutions;" and SDG 17 "Partnership for the Goals" (George et al., 2016).

[2] B Corp (https://www.bcorporation.net/en-us) is a private certification of for-profit firms of their social and environmental performance. The B Corp certification is conferred by B Lab, which is a global nonprofit organization with a purpose of changing the current business from economic-driven to toward the common good. The ultimate goal of the B Corp movement is transforming the global economy to a more inclusive, equitable, and regenerative system. There are more than 4000 certified B Corp firms in more than 70 countries across over 150 industries (B Corp, 2022).

Economy of the Common Good (https://www.ecogood.org/) is a global movement that advocates the common good business model, which put the common good, cooperation, and community in the foreground. Desired values of the common good economy include human dignity, solidarity, social justice, environmental sustainability, transparency, and democratic participation. With this new business model, compared with creating a financial balance sheet, it makes more sense firms create a "common good balance sheet" that is a value-based measurement tool and reporting method, showing to what extent a firm abides by the desired common good values (Felber, 2015). There are over 800 businesses in 35 European countries which have already participated in this movement (Economy for the Common Good, 2022).

[3] CI: Credible Interval for Bayesian SEM.

[4] We thank the anonymous reviewers for the comments and suggestions that provide insights about the future research directions.

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APPENDIX: SHRM-CGV SCALE

We would like to ask you questions about the HRM practices used in your organization. Please answer the following in terms of the actual situation in your company, not how you would prefer it. Please indicate the extent to which the organization implements the following HRM activities (1 = "never," 2 = "rarely," 3 = "occasionally," 4 = "frequently," and 5 = "always").

Ability-enhancing SHRM-CGV

1. Developing ethical brochures and other materials used to attract job applicants.
2. Attracting and selecting employees who demonstrate responsible values or behavior.
3. Hiring employees who exhibit relatively high levels of moral development.
4. Induction programs that emphasize responsible and sustainable values (e.g., dignity, solidarity, and reciprocity).
5. Organization-wide training to develop responsible and sustainable behavior.
6. Presence of ethical leadership programs and extensive training on ethical and sustainability issues.
7. Creating cognitive conflict to stimulate independent decisions in ethically ambiguous situations.
8. Developing employee skills in engaging and communicating with multiple stakeholders (e.g., customers, suppliers, government, community, and the public, media).

Motivation-enhancing SHRM-CGV

9. Developing performance goals that focus on means as well as ends, using not only outcome-based but also behavior-based performance evaluations.
10. Linking bonuses and variable pay to ethical, responsible, and sustainable behaviors based on social performance objectives.
11. Promoting awards for good citizenship and moral behavior.
12. Sanctions for managers and employees who breach the organization's sustainability standards.

Opportunity-enhancing SHRM-CGV

13. Job design encourages employees to take ethics related decisions.
14. Presence of employee volunteer programs and/or charitable giving opportunities.
15. Encouraging members to provide solutions when the organization faces ethical problems.
16. Involving employee representatives and unions in the design, application, and review of the ethical infrastructure of the company.
17. The career mechanism is fair, visible to all, and linked to organizational ethical and sustainability standards.
18. Employee surveys in place to monitor the ethical climate of the organization.
19. Encouraging the reporting of unethical behavior and supporting whistleblowing on ethical issues.
20. Presence of policies to increase diversity and equity.
21. Presence of policies to promote flexible working/work–life balance.
22. Presence of policies to improve employee well-being.