



Role Of Strategic Human Resource Management in the Generation of Sustainable Business Performance

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Abstract:

The objective of this study is to examine the impact of Strategic Human Resource Management (SHRM) on the long-term profitability of Chinese enterprises, emphasising the significance of employee engagement in this context. People in China, both citizens and government officials, are placing more and more pressure on businesses to put short-term profits ahead of their social, environmental, and economic responsibilities. China is striving hard to get high-quality growth so that it can attain its objectives. The SHRM delivers firms tools to help them proactively align their employees with the company's and the environment's long-term objectives. Not only does this strategy make workers' lives simpler, but it also makes sure that everything they do at work is good for the environment. This study shows that SHRM techniques may help get employees more involved in their work. In this context, "employee engagement" is how committed individuals are to the project, how hard they are working to perform well, and how willing they are to put in additional hours. When individuals become engaged in Chinese companies' strategic HRM initiatives, they really help the company. Some of the benefits include that the firm is more respected, it does more for the environment, and its operations function more smoothly. The article claims that SHRM, getting employees involved, and producing money for the organisation all depend on each other. Chinese companies should make sustainability a part of their HR strategy and cultivate a culture of devotion. This will help them be more competitive, resilient, and in line with government objectives like carbon neutrality and green development in the long run. The results demonstrate that human capital is the most critical factor in how well Chinese companies fare in the long term. For SHRM to be able to produce value in the long run, it is also highly crucial for its employees to be engaged.

1. Introduction

Over the last several decades, China's corporate climate has changed a lot because too quick industrialisation, globalisation, and the introduction of new technologies. Businesses are under more and

more pressure to find a balance between making money now and being socially responsible, environmentally friendly, and helping the country move towards sustainable growth. In this situation, SHRM, has become an important way for businesses to operate. This is because it helps workers reach

long-term goals and keep things going. SHRM is a system in China that combines the management of human resources with the goals of the organisation as a whole. It focusses on corporate social responsibility (CSR), innovation, and sustainability. This is a big change from the usual HR approach, which puts a lot of emphasis on making sure everything goes well. In China, businesses may be successful in the long run if they satisfy the needs of society, take care of their workers, and reach their environmental goals at the same time (Bilderback, 2024).

One of the most important things to think about is how involved the employees are, as this is how SHRM gets real results. In China's marketplaces, which are continually changing and growing, it's very important to be adaptable, creative, and dedicated. A team that is sincerely engaged will demonstrate all three of the traits outlined above. Businesses may gain a long-term competitive edge, become more efficient, and come up with new ideas if they put in place strategic human resource strategies that focus on employee engagement. Because of this, a company must focus on SHRM and employee engagement if it wants to be successful in China for a long time (Cooke et al., 2021).

2. Background of the Study

Due to China's rapid economic growth and more engagement in the global economy, businesses in the country are under more pressure than ever to make money and ensure their long-term survival. Because of this change, SHRM has become an important method for businesses to use. SHRM in China has gone beyond its original goal of evaluating employee performance and is now a major factor in aligning workers' strengths and incentives with the organisation's long-term goals. As sustainability becomes more important, more and more Chinese businesses are include ESG (environmental, social, and governance) issues in their human resource (HR) strategy. In China, a company's long-term success isn't only about making money. It also requires a socially and environmentally responsible attitude, as well as a strong and creative way of thinking. Because the government is committed to high-quality development and carbon neutrality, there is more and more pressure on businesses to make sustainability a part of everything they do. SHRM sets the on pillars that include creating a culture that supports long-term goals, managing personnel strategically, and developing leaders (Tawfig & Kamarudin, 2021).

Employee engagement is what connects the long-term success of businesses in China with Chinese

human resource management. In China's competitive and sometimes unexpected marketplaces, businesses need their staff to be very involved in their job. This shows that they are flexible, creative, and dedicated. Chinese companies integrated wide range of particular methods to get their workers involved and assist them connect their goals with the company's sustainability goals. These techniques include green training, hiring based on skills, incentives based on performance, and chances for career growth. Overall, SHRM in China is a key to long-term success, which allows wealthy enterprises to help China reach its economic and environmental goals (Lu et al., 2023).

3. The Purpose of the Research

The objective of this research is to assess the influence of SHRM on the enhancement of long-term organisational performance in China. This will occur throughout the study. In this assessment, the next research will focus on the critical role of employee engagement in the whole process. As China works to improve its global competitiveness and achieve high-quality growth, firms in the country are finding that adding sustainability to their business planning is becoming more and more important. The goal of this study is to learn more SHRM practices so that may help to better understand how they can help individuals feel more enthusiastic about their jobs. This might be very helpful for companies that want to be successful in the long run by helping them achieve a balance between producing money, being socially responsible, and protecting the environment.

4. Literature Review

As organisations in China realise that human capital is a key differentiator, SHRM is becoming increasingly significant. SHRM adopts a new method that aims to connect the objectives of a company's sustainability with the work that its employees do. This is different from the usual HR methods that are used today. Even though China's fast industrialisation has caused a lot of social and environmental concerns, SHRM provides a way for businesses to adopt sustainability ideas into their culture. SHRM gives us this foundation for improvement of organisational performance in a sustainable manner (Jiang et al., 2024).

Sustainable business performance means that a company can keep making money over a long period of time. This talent includes taking care of the environment, giving back to the community, and being responsible with money. The Chinese government's policies that focus on social equality,

innovation-driven growth, and carbon neutrality are obviously linked to how well Chinese businesses do in the long run. There is a clear link between these two things. Because of this, businesses are expected to not only produce money but also help the country reach its objectives, such as promoting social cohesion and sustainable growth. Some of the SHRM tactics used throughout this process include green recruitment, performance management that is related to sustainability, and targeted training. This procedure is used to carry out all of these methods (Postema Merka, 2025).

The newly developed concept of employee engagement acts as a bridge between SHRM and long-term business success inside a company. It's much more crucial for workers to be active since China's marketplaces are growing so quickly. This is because it shows that the workers are very dedicated, creative, and flexible. When SHRM creates a culture of appreciation and inclusion, workers are far more inclined to go above and beyond their duties and help with sustainability and innovation. SHRM is a key part of the long-term success of modern Chinese organisations since it lets employees' motivation match the company's aims. This was made possible by putting SHRM into action (Peredy et al., 2025).

5. Research Question

What is the influence of employee engagement on sustainable business performance?

6. Methodology

6.1 Research Design

The researcher used SPSS version 25 for the quantitative data analysis. Determine the strength and direction of the statistical association by using the odds ratio and the 95% confidence interval. The researchers established a statistically significant criteria at $p < 0.05$. A descriptive analysis was conducted to identify the most significant features from the data. Data obtained from questionnaires, surveys, and polls, together with data augmented by computing tools for statistical analysis, are often assessed by quantitative methods.

6.2 Sampling

Participants were requested to complete questionnaires to participate in the research. Researchers distributed 600 questionnaires after ascertaining that the research sample included a minimum sample size of 480 individuals using the Rao-soft software. Upon obtaining 550 replies, the

researchers eliminated 50 due to incomplete data, yielding a final sample size of 500.

6.3 Data and Measurement:

The main technique for data gathering in the study was a questionnaire survey. Part A of the survey solicited fundamental demographic information, while Part B used a 5-point Likert scale to gather answers about attributes associated with online and offline channels. Numerous sources, mostly internet databases, supplied the secondary data.

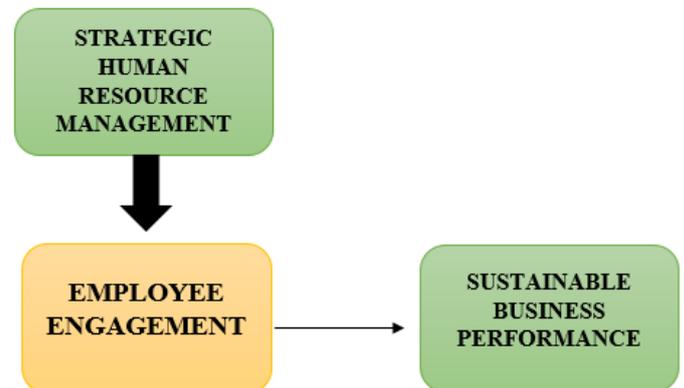
6.4 Statistical Software:

The researcher conducted the statistical analysis using SPSS 25 and MS Excel.

6.5 Statistical Tools:

Descriptive analysis was used to comprehend the fundamental characteristics of the data. The researcher analysed the data using ANOVA.

7. Conceptual Framework



8. Result

Factor Analysis

A common use of Factor Analysis (FA) is to validate the fundamental component structure of a collection of measurement items. Latent factors, which are not readily apparent, are thought to affect the scores of observable variables. One model-driven methodology is the FA method. The primary objective of this research is to delineate the links between observable phenomena, their underlying causes, and measurement errors.

The Kaiser-Meyer-Olkin (KMO) Method may be used to evaluate the appropriateness of data for factor analysis. The appropriateness of the sample is evaluated for each individual model variable as well as for the overall model. The statistical metrics

assess the degree to which many variables may exhibit shared variation. Factor analysis is effective with data exhibiting lower percentages.

The KMO output is an integer ranging from 0 to 1. A KMO score ranging from 0.8 to 1 indicates that the sample size is sufficient.

If the KMO is below 0.6, remedial actions are necessary due to insufficient sampling. Select according to one's judgement; some writers opt for 0.5, thereby establishing a range of 0.5 to 0.6. Partial correlations constitute a significant fraction of overall correlations as the KMO value approaches 0. Significant correlations, to reiterate, considerably complicate component analysis. Kaiser has established the following approval criteria:

Desolate range of 0.050 to 0.059.

Below standard is between 0.60-0.69.

A mediocre grade often ranges from 0.70 to 0.79.

A value ranging from 0.80 to 0.89 indicative of quality points.

The interval of 0.90 to 1.00 is rather extraordinary.

Table 1: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.812
Bartlett's Test of Sphericity	Approx. Chi-Square	3252.968
	df	190
	Sig.	.000

This demonstrates that the claims about the sample's execution are valid. Researchers assessed the significance of the correlation matrices using Bartlett's Test of Sphericity. When the value reaches 0.812, the KMO measure considers the sample adequate. Following the execution of Bartlett's sphericity test, the resultant p-value is 0.00. The correlation matrix is distinct from an identity matrix, as shown by the statistically significant results of Bartlett's sphericity test.

INDEPENDENT VARIABLE

Strategic Human Resource Management

"Strategic Human Resource Management" (SHRM) is the name for the rules and regulations that a company uses to manage its people in a way that supports its long-term goals. The Chinese business sector is presently experiencing a variety of obstacles, such as fast industrial growth, government-set environmental targets, and more demand from overseas markets. Because of these few things, SHRM has become even more important

for firms to stay ahead of the competition. The SHRM says that the hiring process, training, performance management, and incentive programs should all be part of the company's overall plan. The traditional way of managing human resources puts administrative efficiency above everything else. More and more Chinese businesses are using SHRM practices, which are recognised to boost innovation, adaptability, and long-term success. This makes companies better because they can employ their people more efficiently. The SHRM says that companies may meet outside needs while keeping employees loyal by using a systematic approach to managing talent pipelines and adding skills that are important for long-term success. China has set a variety of goals as part of its long-term development plan. These goals include achieving carbon neutrality, social stability, and high-quality growth. Using this strategic plan, organisations will be able to strive towards these goals while also improving their own performance (Urme, 2023).

FACTOR

Employee Engagement

The connection between SHRM and an organisation's long-term performance is that workers are on board with it. This shows how well the organisation's goals and the ideas of its members work together, as well as how committed and motivated they are. In China's cutthroat corporate world, engagement means more than simply people who are happy with their jobs. It also looks at how emotionally involved they are, how likely they are to go above and beyond, and how open they are to new ideas. When firms put money into keeping their employees happy, they get more work done, work together better, and have fewer employees who leave. SHRM ideas like performance-based compensation, open communication, job growth, and training have an effect on how this dedication grows. When employees are actively engaged in their job, they are better able to align their own goals with those of the organisation. This also makes it easier to adopt more ambitious environmental goals. Employee engagement makes it easier for strategic human resource plans to convert into real outcomes. This, in turn, ensures that the organisation is efficient in the short term and strong in the long term. This is because Chinese businesses are under more and more pressure to find a balance between making money and being socially and environmentally responsible (Sepahvand & Bagherzadeh Khodashahri, 2021).

DEPENDENT VARIABLE

Sustainable Business Performance

Sustainable business performance is a phrase used in the business sector to define a company's capacity to make money over the long term while simultaneously meeting its social and environmental obligations. The Chinese government has worked hard to promote growth that is good for the environment, technological progress, and social justice. As a consequence, all parts of the Chinese economy have made sustainable business practices a top priority. The Sustainable Business Performance framework looks at how happy stakeholders are, how the business affects the environment, and how strong the economy is. Standard performance evaluations do not prioritise these issues to the same extent. Chinese companies want to be socially responsible and do well in business. This implies that they typically do things that are good for the environment, come up with new ideas, and show that they care about society. There are several reasons why strategic human resource management is important for reaching these goals. For example, it teaches people to think in ways that are good for the environment and encourages behaviours that help individuals reach their long-term goals. Successful businesses are better at adjusting to changes in consumer needs, government rules, and competition from suppliers throughout the world (Porter, 2023).

Relationship between employee engagement and sustainable business performance

There is a definite link between a company's long-term performance and its personnel being engaged, and this link is always changing. To ensure the long-term success of a firm, it is essential that its personnel be actively involved in their job and continually demonstrate elevated levels of commitment, creativity, and flexibility. Businesses in China are under more and more pressure to meet the government's and the market's expectations for sustainability. It is necessary to be involved in this process in order to turn strategic purpose into quantitative results. Employees that are excited about their professions are more likely to come up with new ideas, use environmentally friendly methods, and behave in ways that are in line with social and environmental goals. This connection helps the organisation run more smoothly, improve its reputation, and earn the confidence of its stakeholders. Also, when workers care about the success of the company, it is easier for firms to deal with new rules and rivals from all over the globe. In an economy that is changing quickly, Chinese

companies hire people who want to improve all the time, follow ethical standards, and make a big difference in the company's long-term success. This is done by getting people involved (Chui et al., 2023).

Following the above discussion, the researcher has formulated the following hypothesis, which was to analyse the relationship between employee engagement and sustainable business performance.

“H₀₁: There is no significant relationship between employee engagement and sustainable business performance.”

“H₁: There is a significant relationship between employee engagement and sustainable business performance.”

Table 2: H₁ ANOVA Test

ANOVA					
Sum	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	74603.320	196	4372.715	249.936	.000
Within Groups	1364.590	303	16.851		
Total	75967.910	499			

The results of this investigation are really remarkable. The p-value of 0.000, which is below the 0.05 alpha threshold, indicates significance with F value of 249.936. This result is characterised by the rejection of the null hypothesis and the acceptance of “H₁: There is a significant relationship between employee engagement and sustainable business performance.”

9. Discussion

The findings show that SHRM is very important for a company's long-term performance in China, and that employee engagement is what connects the two. When an organisation's SHRM activities, including as managing personnel, training, and evaluating performance, are in line with the organisation's long-term goals, workers are more likely to feel valued and engaged. On the other hand, participation builds skills like adaptation, flexibility, and resilience, which are all necessary for reaching sustainability objectives. Because the government has set new goals for itself, such as carbon neutrality, high-quality development, and environmentally responsible innovation, Chinese businesses will need to rethink how they treat their workers. Getting people on board with these efforts is the most important thing one can do to convert strategic human resource management objectives into real advantages, including lower employee turnover, more productivity, and more ethical company practices. Employees who are engaged in their jobs are more likely to behave in ways that are good for the environment, support corporate social

responsibility, and help the company survive tough times in the market. This is because they are more inclined to care about their employment. It shouldn't be a surprise that SHRM, employee engagement, and a company's long-term profits are all linked. If businesses integrate sustainability in their HR strategy and create an innovative culture that values their workers' devotion, they may help the country reach its goals and stay competitive over the long run. To follow the law, competent people management is necessary. It is also important for the culture of the company and the people who work there. This shows how important it is for sustainability to have good people management in place.

10. Conclusion

Current research indicates that employee engagement is a critical element in linking strategic human resource objectives to the enduring success of a company. This study indicates that SHRM is a crucial element for the enduring success of a company functioning effectively in China. Because the Chinese government is pushing for high-quality growth that focusses on sustainability, Chinese enterprises are under more and more pressure to figure out how to generate money while still being good for people and the environment. All of this is because of the push for sustainable development. The SHRM has a plan on how to make sustainability a part of managing employees. This method makes sure that employees are in line with the aims of both the company and the country.

This approach is important since the only way for SHRM to prove success is via the involvement of its employees. Companies that create an environment where their employees are excited about their job may be better able to come up with new ideas, follow ethical standards, and get through tough times in the market. This occurred because participation leads to increased devotion, creativity, and adaptability. Companies in China may get their workers to invest more in the firm by giving them chances to learn new things, rewarding them based on their performance, and keeping the lines of communication open. This, in turn, helps the business reach its goals for the future. This research shows that sustainability is not just a legal requirement, but it is also a competitive advantage that comes from managing people well. To be successful in the long run, stay competitive, and help China reach its sustainable development objectives, companies should use SHRM practices that put employee engagement first. These methods should be put into action to get employees more involved for improvement of organisational performance in a sustainable manner.

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- **Ethical approval:** The conducted research is not related to either human or animal use.
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