

## The Impact of Well-being Oriented HRM on Employees Happiness: The Mediating Role of Internal CSR

\*<sup>1</sup>Nadia Batool, <sup>2</sup>Muzammel Shah, <sup>3</sup>Mubbashar Qayyum

<p><b>Article History:</b></p> <p><b>Received:</b></p> <p><b>8<sup>th</sup> December, 2025</b></p> <p><b>Revised:</b></p> <p><b>15<sup>th</sup> May, 2025</b></p> <p><b>Accepted:</b></p> <p><b>26<sup>th</sup> June, 2025</b></p>	<p><b>ABSTRACT</b></p> <p><b>Purpose:</b> Despite the popularity of the research on Human Resource Management (HRM), little is known about the studies that concentrate on well-being-oriented HRM (WBHRM). The proposed study seeks to understand the effect of WBHRM on employee happiness and how internal Corporate Social Responsibility (CSR) mediates that effect.</p> <p><b>Design and Methodology:</b> This was quantitative research that utilized survey method in gathering data of 404 employees in different divisions of the banking industry within Islamabad, Pakistan. The hypothesized relationships were analyzed using Structural Equation Modeling (SEM).</p> <p><b>Findings:</b> The findings point out that WBHRM does not directly affect employee happiness. Nonetheless, the effect of WBHRM on internal CSR is significant, and the latter has a positive impact on the happiness of employees. Accordingly, the connection between WBHRM and employee happiness is completely mediated by internal CSR.</p> <p><b>Originality/Value:</b> The study adds to the scarcely populated literature that relates WBHRM, internal CSR, and employee happiness. Through the application of Conservation of Resources (COR) theory, the study shows that supportive HRM practices can make employees feel appreciated and involved in a resource-rich environment, which contributes to employee happiness.</p> <p><b>Practical Implications:</b> The WBHRM practices that organizations ought to invest in according to internal CSR values would help create a conducive workplace, especially in service industries such as banking. By supporting the whole well-being of employees, it is possible to enhance their satisfaction and make the process of fulfilling organizational purposes more successful.</p> <p><b>Keywords:</b> COR theory, employee well-being, employee happiness, internal CSR, wellbeing oriented HRM</p>
--	--

### 1. Introduction

Human factors influence organizations. According to Dessler (2020), HRM is the methodical and structured approach a company takes to managing its workforce in order to accomplish its objectives. These days, HRM encompasses more than just routine tasks; it also fosters employee well-being across the board (Bhoir & Sinha, 2024).

Recent research has shown that WBHRM focuses on employees' well-being and attempts to address all their significant work-related demands (Kumi et al., 2025; Salas-Vallina, 2021). Unlike HPWS, which is primarily concerned with attaining outcomes, WBHRM emphasizes development, equity, and caring as critical organizational

\*<sup>1</sup>Air University School of Management (AUSOM), Air University, Islamabad, [nadiamubbashar016@gmail.com](mailto:nadiamubbashar016@gmail.com).  
 ORCID iD: 0009-0009-7585-3116

<sup>2</sup>Air University School of Management (AUSOM), Air University, Islamabad, [Muzammel2010@gmail.com](mailto:Muzammel2010@gmail.com).  
 ORCID iD: 0000-0003-2287-3673

<sup>3</sup>NUST Business School (NBS), National University of Sciences and Technology (NUST), Islamabad, [mubbashar.phd24nbs@student.nust.edu.pk](mailto:mubbashar.phd24nbs@student.nust.edu.pk)  
 ORCID iD: 0009-0006-3017-4177

values. Employee satisfaction and loyalty may increase as a result of these actions, which may improve their perception of organizational support (El-Sharkawy et al., 2023).

At the same time, the concept of corporate social responsibility (CSR), often known as CSR for employees, is gaining traction. It shows how committed the business is to be upholding the rights, respecting, and fostering the growth of its employees. Employees are more likely to be happy and have higher levels of well-being if they believe their employer is accountable and helpful (Bibi et al., 2022; Chen et al., 2022).

Even though we know HR positively affects work performance and engagement, not a lot of research has explored indirect causes of happier employees defined as a sense of enjoyment at their jobs. Unlike well-being, happiness focuses on people's feelings and judgments about their jobs, while well-being includes different emotional and physical aspects as well (Zaffar & Gani, 2022). Studies suggest that despite growing interest, there is not much solid proof linking WBHRM to employees' happiness, mainly because of internal CSR (Gadhavi et al., 2021; Hauff et al., 2022).

In order to address these issues, this study examines the relationship between WBHRM and employee satisfaction utilizing internal CSR as a mediator, drawing inspiration from COR theory. According to this theory, people should make an effort to acquire, hold onto, and safeguard things that are crucial to their everyday lives and health (Hobfoll, 1989). Therefore, WBHRM serves as a tool for creating materials that enhance the perception of internal CSR and, consequently, increase happiness.

Therefore, the purpose of this study is to ascertain whether improved WBHRM enhances employee satisfaction and supports CSR within a Pakistani bank. In addition to providing useful assistance to service-oriented enterprises looking to enhance the well-being of their workforce, the goal of this research is to demonstrate the connection between HRM, CSR, and employee outcomes using a mediation model.

## **1. Literature Review**

### **2.1 Theory**

Conservation of resource theory (COR) is a stress and coping theory that explains how people manage their resources in the face of stressors (Hobfoll's 1989). According to the theory, individuals are motivated to conserve their resources, which include physical, psychological, social, and personal resources, to maintain their well-being and avoid resource loss (Merino et al., 2019). Individuals have a natural tendency to prevent resource loss, according to COR theory (Hobfoll 1989). Additionally, the theory suggests that different resources are acquired simultaneously for achieving a single goal (Halbesleben et al., 2014). Affectivity, work identity, personal health, and social conditions (e.g., supportive work-family environment) have been considered resources in the COR theory (Wayne et al., 2004). In line with these discussions, COR theory can be applied to the effect of WBHRM on employee happiness. Considering the resources that employees have and the resources they need to perform their jobs effectively, individuals seek to build, maintain, and protect a limited pool of personal resources available to them. According to this theory, employees will respond positively to WBHRM policies and practices that help to conserve their personal resources and prevent their depletion. Thus, based on COR theory, it is possible for organizations to create a supportive

work environment that encourages employees to conserve and increase their resources, thereby improving their well-being and happiness. The proposed relationships are explained in detail in the next session.

## **2.2 Wellbeing oriented HRM**

In recent years, organizations recognize employee well-being as a core responsibility and it is reasonable to treat employee well-being as a key organizational goal, as the well-being of employees is just as important as the organization's success (Bhoir & Sinha, 2024). Recent studies have identified a positive relationship between employee well-being and HRM practices, with this area of research being termed well-being-oriented HRM. Grant, Christianson, and Price (2007) defined well-being oriented HRM as 'the overall quality of how the employee works'. While Salas-Vallina (2019) describes it as "a set of HRM practices that focus on employees' wellbeing and affect their feelings and attitudes". Further, (Bhoir & Sinha, 2024) referred it as 'any voluntary introduction of employee well-being intended HRM policies & practices or HR systems that attempt to address fundamental expectations, encourage existing job role performance, infuse compassion culture and prioritize occupational health and safety and mental health of employee. HRM practices such as training and development, performance management, and employee engagement significantly contribute to enhancing well-being by offering opportunities for skill growth and career advancement (Kumi et al., 2025).

Guest (2017) serves as a pioneering study in categorizing HRM practices that are linked to the well-being of employees. He identified five sets of practices based on three parallel perspectives in the literature: quality of working life studies (Levine et al., 1984), vitamin model (Meyerding S. G. 2015) and job demands-resources model (Demerouti's, 2007). The first set of HRM practices focuses on *employee development*. It focuses on the training of employees for careers and the provision of career opportunities for them. Secondly, WBHRM practices emphasize *autonomy, work, and feedback*. These practices can lead to higher employee well-being (Salas-Vallina, Pozo & Fernandez-Guerrero, 2019). Thirdly, WBHRM practices promote a *healthy and happy working environment*. Employee welfare, inclusion of equal opportunities, avoiding violence and insight at work are all HRM practices. Including these practices in an organization enhances job security, psychological safety, and justice (Cooper et al., 2019). WBHRM's fourth practice relates to *employee voice*. Creating a culture that values and listens to employees (Hackman & Oldham, 2010). The possibility of employees expressing their opinions about the workings of their organizations through formal participation mechanisms (Masterson et al., 2000). Fifth, HRM practices are intended to promote a *social environment that supports managerial behavior*. These practices include expressing concern, recognizing work flexibility, and praising supervisors for being supportive (Perrew et al., 2014).

## **2.3 Employee Happiness**

Happiness at work is regarded as a positive psychological state that an individual experience; its presence is determined by several circumstances and antecedents, and it affects individual behavior at work and provides motivation for employees to perform well (Sender et al., 2021). Personal attributes, job characteristics, and organizational features are the three factors that affect workplace happiness (Sender et al., 2021). As an indicator of how much a company values and cares about their contribution at work, employees seek perceived organizational support (Sender et al., 2020). Consequently, happiness at work is measured by the interaction between individual

employee experiences and organizational experiences. In this study, happiness at work is defined as an experience of subjective wellbeing at work characterized by high levels of individual (being highly engaged at work and highly valuing one's work) and organizational (providing a supportive working environment is one way to accomplish this) experiences, as well as a low level of negative individual and organizational experiences (Singh & Aggarwal, 2018).

A happy employee is more open to creative ideas, more willing to learn new things, and more productive. A pleasant working environment increases employee creativity (Bani-Melhem et al., 2018). According to (El-Sharkawy et al, 2023), the ingredients of happiness at work could be continuous learning opportunities, collaboration, promoting dialogue, shared vision, shared learning concepts and employees' empowerment. Since happy people are "more loving, forgiving, trusting, energetic, decisive, creative, sociable, and helpful" (Myers, 2000), they are more likely to adopt a more positive attitude toward their jobs. Similarly, employees who are enthusiastic, innovative, and excited are more likely to put forth their best efforts.

A happy worker is more receptive to opportunities at work, as well as more self-assured and optimistic about their careers (Bakker & Demerouti, 2008). An employee who is happy at work would be more engaged at work, and sometimes the employee would feel completely devoted to their work. A worker in a state of flow is defined as having peak delight, energetic focus, and creative concentration while doing their work. An employee who is content at work is more creative, energetic, focused, and happy. In accordance with the studies, we cited earlier, this leads to a sense of flow. Happiness, however, has been attributed to flow which illustrates the importance of flow in happiness (Csikszentmihalyi, 2013). The state of being totally engaged in one's work while concentration, focus, and enjoyment at their peak is called "flow". Organizations require employees to interact with each other, collaborate in teams, and adhere to company standards. In addition to their feelings and level of job satisfaction, employees evaluate many aspects of organization support and team experience. A cheerful person is more optimistic and forgiving, so they will have a more positive opinion of their team and organization.

#### **2.4 Wellbeing-Oriented HRM and Employee Happiness**

Guest (2017) was the first one who introduced the concept of wellbeing oriented HRM practices, marking a milestone in the development of this domain. He identified four sets of HRM practices aimed at improving the psychological, physical, and social wellbeing of employees. These sets of practices focus on investment in employees, fostering engagement, creating a supportive social and physical environment, and promoting employee voice. Furthermore, (Cooper et al., 2019) categorized these practices into six sets that foster the development of resilience and enhance employee performance at the workplace. This is achieved through a social mechanism referred to as the group feelings of social climate.

Stretching this domain further, Salas-Vallina et al., (2020) found that human resource practices oriented towards well-being foster innovative work behavior through the mediating role of harmonious passion. Likewise et al., (2020) heightened positive associations between WBHRM practices, health, happiness, and relational well-being. Similarly, Salas-Vallina et al., (2021) examined the link between WBHRM, employee's well-being, and performance, highlighting the moderating role of middle managers' leadership. In addition, Salas-Vallina et al., (2022) advanced this line of concept by identifying the learning mechanisms through which WBHRM increases the development of unit-level ambidexterity, moderated by organizational learning capability. Shahzadi et al., (2023) also suggested that

well-being oriented HRM Practices enhance employee adaptive performance and strengthen internal reputation of an organization through the mediating role of emotional culture. Moreover, Bartram, Cooper et al., (2023) have explored how these practices enhance employee performance in high workload contexts by transforming workers' feelings of burnout into a state of thriving further supporting the broader literature that demonstrates the positive impact of WBHRM practices on employee happiness.

For example, job security boosts employees' confidence, which in turn fosters commitment and performance (Pfeffer, 1998). Employers who promote employment stability encourage their workers to focus fully on the company's success and put their best effort into it. Consequently, human resource strategies that promote job stability have been shown to increase performance standards (Cooper et al., 2019). Moreover, perceptions of job security may vary depending on various organizational practices. A long-term relationship between employers and employees increases employee perception of job security, which in turn leads to improved performance on tasks (Pearce et al., 1997). Similarly, educating, developing, and guiding employees' careers, skills, and capacities is a central aspect of training and development in HRM. Numerous studies, such as Garavan et al. (2019) have demonstrated that training is directly linked to firm performance and affects various outcome variables. Offering employees with opportunities for skill development and career advancement through training and development initiatives can enhance their overall wellbeing (Bhoir & Sinha, 2024). A better-trained workforce enhances competence and self-efficacy, which in turn leads to greater performance outcomes and higher employee satisfaction levels (Azeem et al., 2019).

Lately, employee voice has emerged as a key concept in the literature on quality of working life, emphasizing the importance of incorporating employee's perspective to foster workplace wellbeing. Cooper, Teicher and Holland (2006) describes how employees communicate their needs and preferences, solve issues, and make decisions at work. Voice articulation enhances performance by establishing a system for generating improvements in work processes, which in turn encourages performance (Wood & Wall, 2007). Similarly, Guest (2017) suggested that HR procedures must include extensive two-way communication, individual expression, and group participation to enhance employee well-being. Also, voice mechanisms in employee relations promote trust and performance in conjunction with collaboration (Della Torre, 2019). When employees' beliefs and opinions are acknowledged, their job motivation may increase. This sharing of information serves as a tool for fostering positive attitudes in the workplace (Cooper et al., 2019), ultimately contributing to improved results (Schaufeli, 2015). When employees feel acknowledged, they become more confident and engaged in contributing to the organization's success, thereby fostering happiness (El-Sharkawy et al., 2023). Furthermore, in contexts where employees are afforded a degree of autonomy, team-based work has been shown to enhance both commitment and overall happiness (Gallie et al., 2012). Research on job quality further highlights the critical role of supportive management in enhancing employee wellbeing.

Both employees and companies profit from the implementation of HR strategies that are focused on well-being. A combination of favorable perceptions of HR practices and a sense of loyalty or dedication to the organization positively affects the employees' overall wellbeing (Kumi et al 2025). Moreover, following Guest (2017), strong ethical and economic justifications have emerged in favor of paying closer attention to HRM practices geared toward the wellbeing of employees. Even though there is numerous research on the subject, the connection is often overlooked or not fully explored. Therefore, we argue that WBHRM practices may enhance positive relationships between

employees, thereby enhancing their action-thinking skills, which, in turn, contribute to increased employee satisfaction and performance, ultimately leading to greater employee happiness. So, we propose the following hypothesis:

*H1: WBHRM has a positive effect on employee happiness.*

## **2.5 Wellbeing Oriented HRM and Internal CSR**

Socially responsible behavior toward employees is an important aspect of corporate social responsibility (Mory et al., 2016). As highlighted by the European Commission (2011), the principles of human resource management (HRM) are closely linked with flexible scheduling, workplace diversity, equal employment opportunities, lifelong learning, and employee representation. CSR to Employees, also known as internal CSR, focuses on how companies act responsibly in addressing employees' professional growth, educational opportunities, and overall wellbeing (Bouraoui et al., 2018). A CSR for Employees program involves cutting-edge Human Resource Management (HRM) procedures that support the career advancement and needs of employees (Bouraoui et al., 2018; Samara and Arenas, 2017). Building on Turker's (2009) internal CSR dimension, scholars have reported mixed findings regarding the effects of internal CSR activities on employee behavior. While some studies associated CSR with positive behavioral outcomes (Kim et al., 2016), others suggested that perceptions of internal CSR may not have a significant relationship with employee behavior or job performance (Newman et al., 2014).

Therefore, CSR to employees (internal CSR) can cultivate a sense of emotional attachment to the organization by supporting employee growth and training, as well as promoting their physical and mental wellness. Additionally, internal CSR can spur a desire for reciprocity. For example, workers drawn to the SA8000 signal may feel a stronger sense of appreciation for the company's socially responsible practices, leading them to demonstrate greater commitment and engagement (Bouraoui et al., 2018). In other words, employees will develop an emotional bond with the company when their expectations of being treated fairly and being given chances to progress and learn are met. Thus, we argue that Internal CSR can positively influence WBHRM practices. Therefore, our second hypothesis is as follows:

*H2: WBHRM has a positive effect on internal CSR.*

## **2.6 Internal CSR and Employee Happiness**

Several researchers have previously argued that CSR contributes to better financial results for businesses (Sharma, 2016). Businesses often implement CSR activities to align their strategies with the social values of their customers (El-Menawy & El-Sayed, 2024). On the contrary, internal CSR activities are associated with improved social outcomes related to employees (Gorondutse and Hilman, 2009). CSR has been studied in terms of its impact on motivating, satisfying, and retaining employees (Castejon & Lopez, 2016).

Research related to CSR and employee happiness is scarce. Although research on the domain of happiness has received considerable attention, nevertheless, it remains a unique construct when used to measure commercial performance (Frey et al., 2014). The meaning of happiness varies from person to person, and its definitions evolves across historical and cultural periods (Frey, 2019). The definition provided by Tatarkiewicz (1976)-that (personal) happiness is a lasting satisfaction with life- is one of the most widely cited. an important contributor to job satisfaction. According to Saenghiran (2013) key factors that contribute to job happiness include a sense of purpose, a feeling of

joy, positive emotions, positive feelings, and satisfaction. In literature, happiness is measured through both single-item or multidimensional scales. Moreover, a large proportion of happiness research relies on self-reports of a single item measure (Bartram, 2012). These one-dimensional measurements tend to have limited but acceptable level of validity (Veenhoven, 1993). In the context of Latin American nations, the *Happiness Scale for the Workplace* (Garca-Del Junco et al., 2013) is a significant measure of happiness.

According to Garca-Del Junco et al. (2014a), companies with a proactive and strategic commitment to CSR are more likely to have satisfied employees by cultivating a sense of fairness among employees. Therefore, the link between employee satisfaction and CSR can be explained in the following manner. Employees are more likely to have positive attitudes toward their employer if they believe that pay and promotions are distributed based on objective criteria and that equal opportunities are offered to all employees.

Previous research shows that employees' perceptions of their jobs are influenced by their attitudes towards organizational justice (Dailey and Kirk, 1992; Koh and Boo, 2004). Consequently, all human resources management policies and procedures promote equality and ban discrimination as a part of internal CSR practices (Diaz-Carrion et al., 2019), thereby reinforcing a positive perception of organization among employees. Employees are more likely to identify with the organization when they feel a sense of fairness and justification in how they are treated, resulting in a higher level of happiness. Based on this, we propose the following hypothesis:

H3: Internal CSR has a positive effect on employee happiness.

## **2.7 The Mediating Effect of Internal CSR between WBHRM and Employee Happiness**

Employee well-being accelerates both individual and organization productivity, while its absence may result in cumulative financial and non-financial losses for an organization. Recent research indicates that employee wellness may serve as a marker of the degree of employee engagement (Lewis et al., 2012). Additionally, it has been noted that happiness has a beneficial effect on one's physical health (Carver et al., 2010). Therefore, the significance of wellbeing may ultimately prove to be valuable for organizational performance. For instance, businesses that promote employee well-being cultivate a positive work environment which can be crucial for gaining a strategic edge in the modern business world (Diener et al., 2011). Similarly, the ability of internal corporate social responsibility practices to foster friendliness and commitment to a work environment is influenced by the work environment (Ngoc et al., 2019). Also, internal CSR procedures may offer chances for training and development. In cross-cultural contexts, CSR also increases employee commitment to the company to (Mueller et al., 2012). Based on Social Exchange Theory (SET), it can be argued that when employees perceive that their employer is invested in their well-being, they respond with increased intrinsic motivation, ultimately benefiting the organization. Thus, it can be hypothesized that:

H4: Internal CSR mediates the relationship between WBHRM and employee happiness.

### 3. Methodology

#### 3.1 Research design and Sampling

This study adapts a quantitative methodology, testing theories through data analysis. Representatives from various Islamabad-based bank departments were employed by the populace. Both managerial and non-managerial staff participated in order to fully cover the workforce.

In order to obtain valuable insights on the company's CSR and WBHRM policies, only individuals with at least one year of experience were included in the sample, which was chosen by deliberate sampling. 468 of the 550 questionnaires that the researchers personally distributed were returned (85.1% of them were filled out). 404 replies were used as a result of the completeness evaluation, resulting in a final response rate of 73.45%.

#### 3.2 Measures

- Researchers had already validated the scales used to measure each construct. On a 7-point scale, where 1 denoted "strongly disagree" and 7 denoted "strongly agree," participants chose their answers.
- Wellbeing Oriented HR was measured using 27 items (Salas-Vallina et al., 2019). The  $\alpha$  was 0.849 and CR value was 0.869.
- Internal CSR was measured using 5 items (Turker, 2009). The  $\alpha$  was 0.736 and CR value was 0.820.
- Employee Happiness was measured using 6 items. The  $\alpha$  was 0.851 and CR value was 0.912.

#### 3.3 Common Method Bias and Measurement Validity

The AMOS software was used to regulate CMV using Harman's single-factor test and a comparison between the proposed three-factor and a straightforward one-factor model. The three-factor model (CMIN/DF = 1.899, RMSEA = 0.047, CFI = 0.973, GFI = 0.947) fit much better than the single-factor model (CMIN/DF = 2.737, RMSEA = 0.066, CFI = 0.950, GFI = 0.924), indicating that CMV was not a major worry, according to the multiple fit measures.

Items with low factor loadings had to be removed in order to improve the model's fit and reliability. In accordance with the recommendations made by Fornell and Larcker (1981), the studies demonstrated that AVE, MSV, and CR all imply discriminant and convergent validity.

### 4. Results

#### 4.1 Demographic Characteristic of Respondents

Table 1 shows the demographic characteristics of the subjects in the study.

**Table 1: demographic characteristics of the subjects in the study**

Variable		Frequency	Percent
<b>Gender</b>	Female	355	87.9
	Male	49	12.1
	Total	404	100
<b>Education</b>	Bachelors	60	14.9
	Masters	178	44.1
	MS/M. Phil	166	41.1
	Total	404	100
<b>Age</b>	Below 25	17	4.2
	25-35	179	44.3
	36-45	199	49.3
	Above 65	9	2.2
	Total	404	100
<b>Experience</b>	1-2 years	5	1.2
	2 – 5 years	61	15.1
	Above 5 years	338	83.7
	Total	404	100
<b>Organization Size</b>	1-5 employees	87	21.5
	6 -10 employees	173	42.8
	10 -15 employees	144	35.6
	Total	404	100

**Data Source:** Primary

#### 4.2 Descriptive Statistics

These statistics provide a concise summary of standardized values of the variables. This analysis reflects the mean values, standard deviation values and correlation values of the data. The first column of Table 2 shows the details of study variables, second column shows the mean whereas third and fourth columns show standard deviation and correlations of data accordingly.

**Table 2: Results of mean, standard deviation, and correlation (n=404)**

Construct	Mean	Standard Deviation	Correlations	
			1	2
1. Well-being Oriented HRM	5.5852	0.47758	1	
2. Internal CSR	5.5025	1.43245	0.132**	1
3. Employee Happiness	5.3412	1.24074	0.164**	0.757**

*Level of significance:  $p < 0.05$ .*

### 4.3 Measurement Model

Using AMOS, our approach was based on structural equation modeling (Byrne, 2010). To confirm the measurement model, a confirmatory factor analysis was conducted (CFA). A fitness, reliability, and validity test were conducted on the measurement model. Confirmatory Factor Analysis (CFA) indicated a good model fit, in line with the criteria suggested by Hair et al. (2010). The results, presented in Figure 2, reveal a CMIN of 1.899, RMR of 0.076, RMSEA of 0.047, CFI of 0.973, GFI of 0.947, further confirming the model's adequacy. Moreover, the results of reliability analysis (Table 3), all the measures displayed satisfactory internal reliability ( $\alpha > 0.7$ ) and composite reliability ( $CR > 0.6$ ). Similarly, factor loading of the items were greater than 0.7. The model was further refined by removing items with low factor loadings, enhancing its overall fit and validity. Further, we also tested the model's discriminant validity and convergent validity. AVEs for all scales except WBHRM were greater than 0.5, as shown in Table 4. Based on the findings of Hair et al. (2014), it was concluded that, despite some issues with discriminant validity, the study utilized valid and reliable measures. Thus, we proceed to test the hypotheses.

**Table 3: Reliability Analysis Results**

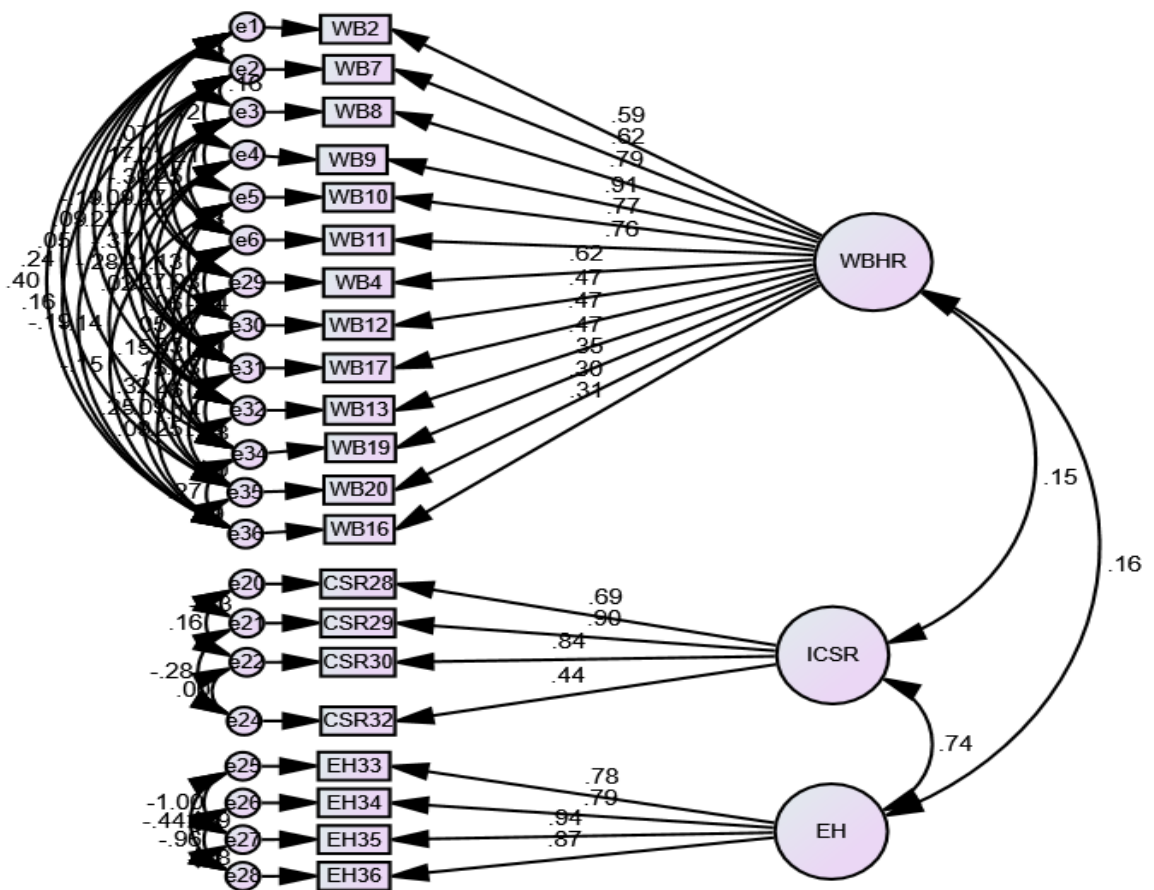
No	Construct	Factor Loadings Range	Cronbach's alpha	CR
1.	WBHRM	0.91-.30	0.849	0.869
2.	Internal CSR	0.90-.44	0.736	0.820
3.	Employee Happiness	0.94-.78	0.851	0.912

**Data Source:** Primary

**Table 4 : Validity Analysis Results**

	CR	AVE	MSV	MaxR(H)	WBHR	EH	ICSR
<b>WBHR</b>	0.869	0.362	0.025	0.923	0.601		
<b>EH</b>	0.912	0.722	0.554	0.936	0.157**	0.849	
<b>ICSR</b>	0.820	0.546	0.554	0.886	0.153**	0.745***	0.739

Data Source: Primary



**Figure 2.** Confirmatory Factor Analysis

**4.4 Common Method Bias**

To assess the potential presence of common, we compared our 3-factor model with the alternative model. Based on our comparison of our 3-factor model with the alternative models (see Table 5), we found that our proposed model fit the data more closely.

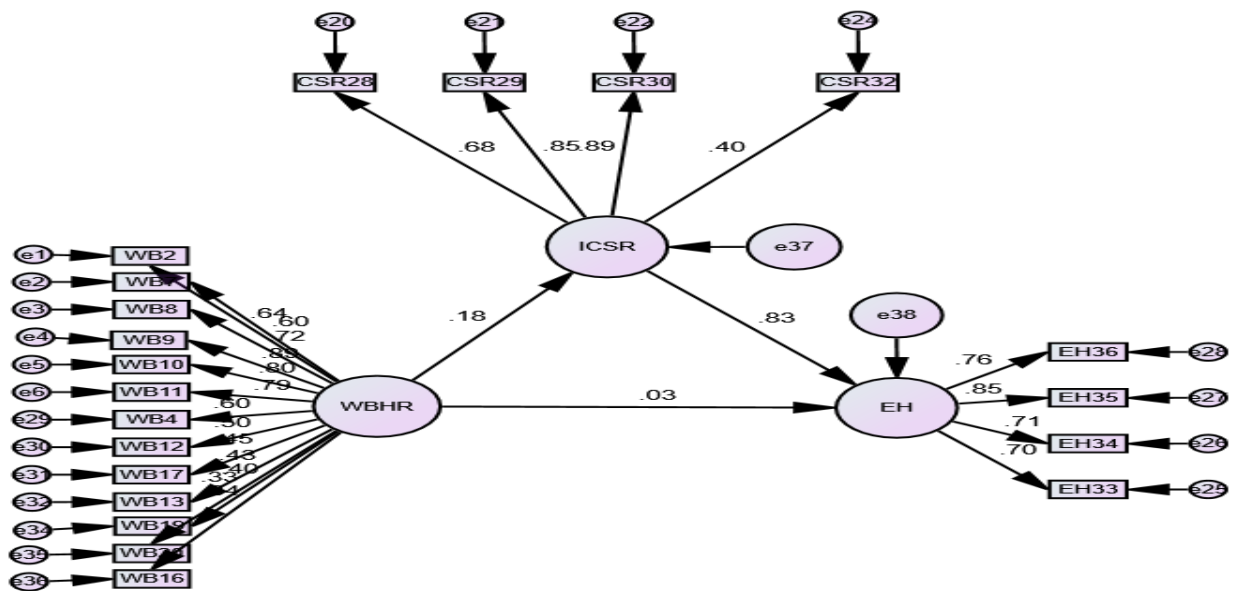
**Table 5 : Common Method Variance**

Model	CMIN/DF	P-value	RMR	RMSEA	CFI	GFI
3 factor model	1.899	0.000	0.076	0.047	0.973	0.947
2 factor model	2.737	0.000	0.125	0.066	0.950	0.924

Level of significance:  $p < 0.05$ .

**4.5 Structural Model (Hypothesis Testing)**

Through structural equation modeling in AMOS, we tested three direct and one indirect (mediating) effects.



**Figure 3.** Structural Equation Model

**4.5.1 Direct Effects**

It was found that WBHRM had no significant direct effect on employee happiness ( $\beta=.030$ ,  $CR=0.078$ ,  $p=.454$ ). So, hypothesis H1 was not supported. There was a significant positive effect of WBHRM on CSR ( $\beta=.177$ ,  $CR=3.125$ ,  $p=.002$ ). Thus, hypothesis H2 was supported. Employee happiness was significantly positively affected by internal CSR ( $\beta=.825$ ,  $CR=11.180$ ,  $p=.000$ ). As a result, hypothesis H3 was also supported.

**Table 6: Direct Effects**

Parameter	Estimate	S.E.	C.R.	P	Decision
H1: WBHRM→EH	.030	.083	.748	.454	Not Supported
H2: WBHRM→ICSR	.177	.133	3.125	.002	Supported
H3: ICSR→EH	.825	.065	11.180	***	Supported

**Data Source:** primary. **Note:** Level of significance:  $p < 0.05$ .

#### 4.5.2 Indirect Effects (Mediating Effects)

A bootstrapping procedure was used to test one indirect effect. As a result of mediation analysis (see Table 7), WBHRM had a significant indirect effect on employee happiness via internal CSR ( $\beta = .301$ , LLCI = .177, ULCI = .523,  $P = .001$ ). Therefore, H4 was supported.

**Table 7: Mediation Analysis**

Parameter	Estimate	LLC	ULC	P	Decision
H4: WHR→ICSR→EH	.301	.177	.523	.001	Supported

**Source:** primary data

**Note:** significance level:  $P < 0.05$

## 5. Discussion

The current study illustrates how internal CSR acts as a mediator between WBHRM and increased employee satisfaction. The Conservation of Resources (COR) theory (from Hobfoll, 1989) states that although WBHRM does not by itself ensure employee happiness, it does result in more favorable perceptions of employee CSR, which has a significant impact on job satisfaction.

By taking this path, COR explains why people attempt to preserve and accumulate resources such as equity, constructive criticism, and constructive growth. When job stability, training, and autonomy support are implemented, they combine with other similar initiatives to create a caring and just culture that benefits workers (Kumi et al., 2025; Bhoir & Sinha, 2024). Even if WBHRM itself has little effect, having good CSR concepts in place helps safeguard people's happiness.

Recent research by Hauff et al. (2022) and (Gadhavi et al., 2021) highlights how employees view HRM practices from a social perspective. Practices may have a less direct effect on subjective outcomes like happiness if they are not internalized as authentic and moral. This is consistent with our findings: WBHRM's direct route to happiness is negligible but gains significance through CSR, a construct that is heavily influenced by perception. In line with the social interpretation paradigm put forward by Jamali et al. (2019) and (Cropanzano et al., 2017), the internalization of WBHRM as CSR is therefore a crucial mediator.

Furthermore, studies by El-Menawy and El-Sayed (2024) as well as (Bibi et al., 2022) show that a person's emotional health at work is significantly impacted by their favorable perception of justice and opportunities for growth. The use of values-based approaches rather than focusing exclusively on benefits is supported by this data. Since reciprocity, trust, and perceived sincerity in care are crucial for employee engagement and satisfaction, HR practices should continue to be moral as a result of this mediation, according to (Kilroy et al., 2022). It's also important to note

that internal corporate social responsibility (CSR) basically aligns with the social exchange theory concepts (as stated by Cropanzano et al., 2017), as it fosters behavioral and emotional commitment among employees.

Overall, the results show that WBHRM is related to employee happiness through the activities and feelings that CSR evokes in an employee, rather than immediately. Well-being initiatives are obviously only beneficial to employees if they see them as a component of the company's social responsibilities and ethics.

### **5.1 Theoretical Implications**

This study offers valuable insights for scholars of HRM by enhancing and broadening the literature on WBHRM and employee happiness by examining the role of internal CSR as a mediating factor between employee well-being and employee happiness. Happiness has many dimensions and is complex. In our research we incorporate flow and intrinsic motivation, and supportive experience as a dimension of employee happiness. Although the current research model contributed to the study, it could be strengthened by incorporating additional variables that may influence employee happiness. WBHRM practices may enhance employee satisfaction and create a balance between challenges and skills, thereby enhancing the work-related flow. The WBHRM and employee happiness can be explained using COR. Thus, the relationship proposed in my research has been explored for the first time, and the literature has been improved along with further clarity on how well-being oriented HRM impacts employee happiness.

### **5.2 Practical Implications**

This study has practical implications for organizations both inside and outside the banking sector. It enables banks to gain a better understanding of the needs of their employees and how they can support them by providing benefits that ensure employee happiness. By examining the impact of well-being-oriented HRM practices on employee happiness, we identify development needs and other organizational support required to enhance these practices. Moreover, managers in organizations can benefit from this research. Workplaces, where WBHRM practices are implemented, can build a lasting impression of organizational support, and employees are less likely to develop repulsive feelings towards their employer and co-workers. Additionally, we provide strategic HRM advice to banks and other service-based sectors to achieve sustainable performance by understanding how well-being-oriented HRM strategies influence internal CSR and employee satisfaction. To achieve a work-life balance through internal corporate social responsibility, managers should promote the development of trust, cooperation, and shared norms of conduct among organizational participants, as well as enhance employees' strengths and psychological capabilities through well-being-oriented HRM practices. This process allows us to argue that well-being-oriented HRM practices can improve employee attitudes towards their jobs, making them feel happier at work due to a more favorable environment.

### **5.6 Limitation and Future Research Direction**

Despite its implications and results, the study has several limitations. Our study focused on Pakistan's banking sector, which limits the generalizability of our results. Moreover, the study has a cross-sectional design, so common method bias is expected (Podsakoff et al, 2003). In the future, HR professionals in other sectors may be surveyed. Further, we have excluded the negative dimensions of happiness in this study. Therefore, future studies add different happiness dimensions of happiness such as, flow and intrinsic motivation and unsupportive experiences.

### **5.7 Conclusion**

Based on COR theory, the study's objectives were to evaluate the impact of a WBHRM approach on employee satisfaction and investigate the mediating role of internal CSR. The findings showed that while WBHRM had no direct

impact on employee satisfaction, it did increase the organization's CSR practices, which were found to be closely related to employee satisfaction. Therefore, when people perceive the company as being highly moral and beneficial to society, HRM is most effective in producing positive emotional results. Internal CSR is the way that organizational structures support employees' mental health, according to recent studies (Chen et al., 2022; Bibi et al., 2022; El-Sharkawy et al., 2023).

Although WBHRM has been shown to improve performance, creativity, and engagement in previous research (Sallas-Vallina et al., 2020; Cooper et al., 2019), the current study suggests that perception and the workplace environment are more important factors in influencing happiness. When WBHRM is genuine and aligned with the organization's internal CSR principles, it is positively regarded by employees in high-demand service industries (Kilroy et al., 2022; Kumi et al., 2025). Organizations should therefore prioritize well-being practices and establish explicit policies that govern all of their CSR obligations. Employees can thus benefit from an inclusive workplace that fosters sincerity and trust, which prolongs their happiness and benefits the company.

## 6. References

- Adnan, M., Naheed, K., Khan, A. U., & Naz, S. (2021). Does High Performance Work System (HPWS) Yield Employee Well-Being During COVID-19 With Mediating Role Of Work Engagement? *Webology (ISSN: 1735-188X)*, 18(2).
- Agarwal, P. (2021). Shattered but smiling: Human resource management and the wellbeing of hotel employees during COVID-19. *International Journal of Hospitality Management*, 93, 102765.
- Ahmed, A., & Ramzan, M. (2013). Effects of job stress on employees job performance a study on banking sector of Pakistan. *IOSR Journal of Business and Management*, 11(6), 61–68.
- Bakker, A. B., & Leiter, M. (2017). Strategic and proactive approaches to work engagement.
- Bibi, S., Khan, A., Hayat, H., Panniello, U., Alam, M., & Farid, T. (2022). Do hotel employees really care for corporate social responsibility (CSR): A happiness approach to employee innovativeness. *Current Issues in Tourism*, 25(4), 541–558. <https://doi.org/10.1080/13683500.2021.1876649>
- Bhoir, M., & Sinha, V. (2024). Employee well-being human resource practices: A systematic literature review and directions for future research. *Future Business Journal*, 10(1), 95. <https://doi.org/10.1186/s43093-024-00208-2>
- Byrne, H. M. (2010). Dissecting cancer through mathematics: from the cell to the animal model. *Nature Reviews Cancer*, 10(3), 221–230.
- Chen, W. K., Huang, T. Y., Tang, A. D., & Ilkhanizadeh, S. (2022). Investigating Configurations of Internal Corporate Social Responsibility for Work–Family Spillover: An Asymmetrical Approach in the Airline Industry. *Social Sciences*, 11(9), 401.

- Cooper, B., Wang, J., Bartram, T., & Cooke, F. L. (2019). Well-being-oriented human resource management practices and employee performance in the Chinese banking sector: the role of social climate and resilience. *Human Resource Management, 58*(1), 85–97. <https://doi.org/10.1002/hrm.21934>
- Cropanzano, R., Anthony, E. L., Daniels, S. R., & Hall, A. V. (2017). Social exchange theory: A critical review with theoretical remedies. *Academy of Management Annals, 11*(1), 479–516. <https://doi.org/10.5465/annals.2015.0099>
- Csikszentmihalyi, M. (2013). *Handbook of research methods for studying daily life*. Guilford Publications.
- Dasgupta, S. (2001). *Employment security: conceptual and statistical issues* (Vol. 10). Geneva: International Labour Office.
- El-Menawy, S. M. A., & El-Sayed, N. H. Y. (2024). Corporate social responsibility marketing; a way to firm performance: An empirical study: Case of Egypt. *Future Business Journal, 10*(1), 20. <https://doi.org/10.1186/s43093-024-00201-9>
- El-Sharkawy, S. A., Nafea, M. S., & Hassan, E. E. D. H. (2023). HRM and organizational learning in knowledge economy: investigating the impact of happiness at work (HAW) on organizational learning capability (OLC). *Future Business Journal, 9*(1), 10.
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research, 18*(1), 39–50.
- Gadhavi, D., Parikh, A., Patel, V., Joshi, N., & Thaker, D. (2021). Employee well-being and employee's happiness: A study of an Indian university. *Academy of Strategic Management Journal, 20*, 1–11.
- Guest, D. E. (2017). Human resource management and employee well-being: Towards a new analytic framework. *Human Resource Management Journal, 27*(1), 22–38.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2014). *Multivariate Data Analysis* (7th ed.). Pearson.
- Hair, J. F., Sarstedt, M., Ringle, C. M., & Mena, J. A. (2012). An assessment of the use of partial least squares structural equation modeling in marketing research. *Journal of the Academy of Marketing Science, 40*, 414–433.
- Halbesleben, J. R., Neveu, J. P., Paustian-Underdahl, S. C., & Westman, M. (2014). Getting to the “COR” understanding the role of resources in conservation of resources theory. *Journal of Management, 40*(5), 1334–1364.
- Hauff, S., Felfe, J., & Klug, K. (2022). High-performance work practices, employee well-being, and supportive leadership: Spillover mechanisms and boundary conditions between HRM and leadership behavior. *The International Journal of Human Resource Management, 33*(10), 2109–2137. <https://doi.org/10.1080/09585192.2020.1841819>

- Hobfoll, S. E. (1989). Conservation of resources: a new attempt at conceptualizing stress. *American Psychologist*, 44(3), 513.
- Iqbal, S., & Rasheed, M. (2019). Abusive supervision and workplace deviance: The moderating role of power distance. *Pakistan Journal of Commerce and Social Sciences*, 13(2), 334–357.
- Jamali, D., Samara, G., Zollo, L., & Ciappei, C. (2019). Is internal CSR really less impactful in individualist and masculine cultures? A multilevel approach. *Management Decision*, 57(5), 1117–1137. <https://doi.org/10.1108/MD-05-2018-0544>
- Karim, M. M., Choudhury, M. M., & Latif, W. B. (2019). The impact of training and development on employees' performance: An analysis of quantitative data. *Noble International Journal of Business and Management Research*, 3(2), 25–33.
- Khalid, A., Pan, F., Li, P., Wang, W., & Ghaffari, A. S. (2020). The impact of occupational stress on job burnout among bank employees in Pakistan, with psychological capital as a mediator. *Frontiers in Public Health*, 7, 410.
- Kilroy, J., Dundon, T., & Townsend, K. (2022). Embedding reciprocity in human resource management: A social exchange theory of the role of frontline managers. *Human Resource Management Journal*. <https://doi.org/10.1111/1748-8583.12468>
- Koskela, M. (2014). Occupational health and safety in corporate social responsibility reports. *Safety Science*, 68, 294–308. <https://doi.org/10.1016/j.ssci.2014.04.011>
- Kumi, E., Amoako, G. K., Appiah, T., & Dartey-Baah, K. (2025). The impact of digital transformation on organisational dynamics, HR practices, and wellbeing in Ghana's healthcare sector: a social exchange perspective. *Future Business Journal*, 11(1), 64.
- Li, Y., Wang, M., Van Jaarsveld, D. D., Lee, G. K., & Ma, D. G. (2018). From employee-experienced high-involvement work system to innovation: An emergence-based human resource management framework. *Academy of Management Journal*, 61(5), 2000–2019.
- Levine, M. F., Taylor, J. C., & Davis, L. E. (1984). Defining quality of working life. *Human Relations*, 37(1), 81-104.
- Memon, M. A., Ting, H., Cheah, J. H., Thurasamy, R., Chuah, F., & Cham, T. H. (2020). *Journal of Applied Structural Equation Modeling*.
- Merino, M. D., Privado, J., & Arnaiz, R. (2019). Is there any relationship between unemployment in young graduates and psychological resources? An empirical research from the conservation of resources theory. *Revista de Psicología del Trabajo y de las Organizaciones*, 35(1), 1–8.

- Meyerding, S. G. (2015). Job characteristics and job satisfaction: A test of Warr's vitamin model in German horticulture. *The Psychologist-Manager Journal*, 18(2), 86.
- Perry, W. G. (2014). Cognitive and ethical growth: The making of meaning. In *College Student Development and Academic Life* (pp. 48–87). Routledge.
- Podsakoff, P. M., MacKenzie, S. B., Lee, J. Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: a critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), 879.
- Pradhan, R. K., Hati, L., & Kumar, U. (2017). Impact of employee wellbeing on psychological empowerment: Mediating role of happiness. *International Journal of Manufacturing Technology and Management*, 31(6), 581–595.
- Salas-Vallina, A., Alegre, J., & López-Cabrales, Á. (2021). The challenge of increasing employees' well-being and performance: How human resource management practices and engaging leadership work together toward reaching this goal. *Human Resource Management*, 60(3), 333–347.
- Salas-Vallina, A., Pozo, M., & Fernandez-Guerrero, R. (2020). New times for HRM? Well-being oriented management (WOM), harmonious work passion and innovative work behavior. *Employee Relations: The International Journal*. <https://doi.org/10.1108/ER-04-2019-0185>
- Singh, S., & Aggarwal, Y. (2018). Happiness at work scale: Construction and psychometric validation of a measure using mixed method approach. *Journal of Happiness Studies*, 19, 1439–1463.
- Singh, S. K., Gupta, S., Busso, D., & Kamboj, S. (2021). Top management knowledge value, knowledge sharing practices, open innovation and organizational performance. *Journal of Business Research*, 128, 788–798.
- Turker, D. (2009). How corporate social responsibility influences organizational commitment. *Journal of Business Ethics*, 89, 189–204.
- Wang, Z., Xing, L., & Zhang, Y. (2021). Do high-performance work systems harm employees' health? An investigation of service-oriented HPWS in the Chinese healthcare sector. *The International Journal of Human Resource Management*, 32(10), 2264–2297.
- Warr, P. (1990). The measurement of well-being and other aspects of mental health. *Journal of Occupational Psychology*, 63(3), 193–210.
- Wayne, J. H., Musisca, N., & Fleeson, W. (2004). Considering the role of personality in the work–family experience: Relationships of the big five to work–family conflict and facilitation. *Journal of Vocational Behavior*, 64(1), 108–130.
- Wood, S., & Ogbonnaya, C. (2018). High-involvement management, economic recession, well-being, and organizational performance. *Journal of Management*, 44(8), 3070–3095.

Yang, F., Huang, X., Tang, D., Yang, J., & Wu, L. (2019). How guanxi HRM practice relates to emotional exhaustion and job performance: The moderating role of individual pay for performance. *The International Journal of Human Resource Management*, 1–26.

Zaffar, I., & Gani, A. (2022). What makes employees happy at work? Evidence from cross-sectional data in India. *International Journal of Happiness and Development*, 7(1), 15–39.