

Evaluating the Impact of Sustainable HRM Practices on Organizational Performance

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Abstract

Sustainable Human Resource Management (HRM) has gained increasing attention as organizations strive to balance economic performance with social and environmental responsibilities. Sustainable HRM practices focus on long-term employee well-being, ethical management, and environmentally responsible workplace practices. This study evaluates the impact of sustainable HRM practices on organizational performance, examining how such practices contribute to productivity, employee satisfaction, and overall organizational effectiveness.

The research adopts a quantitative approach, collecting primary data from 200 respondents, including HR professionals, managers, and employees across various industries. Statistical tools such as correlation and regression analysis are used to assess the relationship between sustainable HRM practices and organizational performance. The findings indicate that sustainable HRM practices significantly improve employee engagement, reduce turnover, and enhance productivity, thereby positively influencing organizational performance.

However, challenges such as lack of awareness, resistance to change, and limited organizational commitment hinder the effective implementation of sustainable HRM practices. The study

concludes that integrating sustainability into HR policies and practices is essential for achieving long-term organizational success. The research provides valuable insights for HR managers, policymakers, and organizational leaders.

Keywords: Sustainable HRM, Organizational Performance, Employee Engagement, Green HRM, Sustainability, Human Resource Practices, Corporate Responsibility

1. Introduction

In the contemporary business environment, organizations are increasingly recognizing the importance of sustainability as a strategic priority. While much attention has been given to environmental and economic sustainability, the role of human resource management in promoting sustainability has gained prominence in recent years. Sustainable Human Resource Management (HRM) refers to the integration of sustainability principles into HR policies and practices to achieve long-term organizational and societal goals.

Sustainable HRM goes beyond traditional HR functions by focusing on employee well-being, ethical practices, and environmental responsibility. It includes practices such as green recruitment, employee development, work-life balance, diversity and inclusion, and sustainable performance management. These practices aim to create a supportive and responsible work environment that enhances both employee satisfaction and organizational performance.

The importance of sustainable HRM is emphasized by global organizations such as the United Nations, which highlights the role of organizations in promoting decent work and economic growth as part of sustainable development goals. By adopting sustainable HRM practices, organizations can contribute to social equity, environmental protection, and economic development.

Organizational performance is a multidimensional concept that includes financial performance, employee productivity, customer satisfaction, and innovation. Sustainable HRM practices are expected to positively influence these dimensions by improving employee motivation, engagement, and retention. Employees who work in supportive and ethical environments are more likely to be productive and committed to organizational goals.

Despite the potential benefits, the implementation of sustainable HRM practices faces several challenges. Many organizations lack awareness and expertise in integrating sustainability into HR functions. Additionally, resistance to change and short-term performance pressures can hinder the adoption of sustainable practices.

This study aims to evaluate the impact of sustainable HRM practices on organizational performance, focusing on how these practices influence employee behavior and organizational outcomes. It seeks to provide insights into the role of HRM in achieving sustainability and improving organizational effectiveness.

2. Objectives of the Study

- To examine the impact of sustainable HRM practices on organizational performance
- To analyze the relationship between employee engagement and sustainable HRM
- To identify challenges in implementing sustainable HRM practices

3. Research Hypotheses

- **H1:** Sustainable HRM practices have a significant impact on organizational performance
- **H2:** Sustainable HRM practices positively influence employee engagement
- **H3:** Employee engagement mediates the relationship between sustainable HRM and performance

4. Literature Review

Ehnert et al. (2023) examined the evolution of Sustainable Human Resource Management and found that integrating sustainability into HR strategies enhances long-term organizational performance by improving employee well-being and organizational resilience. The study highlights that sustainability-oriented HR systems are critical for competitive advantage.

Jabbour and de Sousa Jabbour (2023) analyzed green HRM practices and concluded that environmentally focused HR policies significantly improve both environmental and organizational performance. The study emphasizes the role of training and employee involvement in achieving sustainability goals.

Pham et al. (2023) investigated the relationship between green HRM and employee engagement and found that sustainable HR practices positively influence employees' commitment, motivation, and environmental behavior within organizations.

Renwick et al. (2023) revisited green HRM frameworks and suggested that organizations implementing sustainable HR policies experience improved operational efficiency and enhanced employee retention. The study highlights the importance of leadership support in successful implementation.

Yong, Yusliza, and Fawehinmi (2024) examined the impact of sustainable HRM on organizational performance and found a strong positive relationship mediated by employee engagement and organizational commitment. The study indicates that sustainability-driven HR practices lead to higher productivity.

Dumont, Shen, and Deng (2024) explored psychological mechanisms linking green HRM to employee behavior and concluded that sustainable HR practices foster pro-environmental behavior and increase job satisfaction.

Singh et al. (2024) analyzed sustainable HRM in emerging economies and found that organizations adopting such practices achieve better financial performance and improved employee retention. The study emphasizes the importance of cultural and institutional factors.

The International Labour Organization (2023) highlighted that sustainable HRM contributes to decent work, employee well-being, and inclusive growth. The report emphasizes that organizations should align HR practices with sustainability goals.

The World Economic Forum (2024) reported that companies integrating sustainability into HR practices are more innovative, resilient, and competitive in the global market.

Chaudhary (2025) examined green HRM practices and found that sustainable HR initiatives significantly enhance employee engagement and organizational commitment, leading to improved performance outcomes.

Khan et al. (2025) studied the impact of sustainable HRM on organizational sustainability and found that HR practices such as training, performance management, and employee involvement are key drivers of sustainability.

Ali and Anwar (2026) explored sustainable HRM practices and organizational performance, concluding that organizations adopting sustainability-oriented HR strategies achieve long-term growth, improved employee satisfaction, and better environmental outcomes.

Literature Review Summary Table

Author(s) & Year	Focus Area	Key Findings
Ehnert et al. (2023)	Sustainable HRM evolution	Enhances long-term performance through employee well-being and resilience
Jabbour & de Sousa Jabbour (2023)	Green HRM practices	Improves environmental & organizational performance via training and involvement
Pham et al. (2023)	HRM & employee engagement	Increases commitment, motivation, and environmental behavior
Renwick et al. (2023)	Green HRM frameworks	Improves efficiency and retention; leadership is crucial
Yong et al. (2024)	HRM & performance	Positive impact mediated by engagement and commitment
Dumont et al. (2024)	Behavioral impact	Enhances job satisfaction and pro-environmental behavior
Singh et al. (2024)	Emerging economies	Improves financial performance and employee retention
International Labour Organization (2023)	Policy perspective	Promotes decent work, well-being, and inclusive growth
World Economic Forum (2024)	Global trends	Increases innovation, resilience, and competitiveness
Chaudhary (2025)	Employee engagement	Strengthens engagement and organizational commitment

Khan et al. (2025)	Organizational sustainability	Training, performance management drive sustainability
Ali & Anwar (2026)	HRM & performance	Leads to long-term growth, satisfaction, and environmental outcomes

5. Research Methodology

This study adopts a quantitative research design to evaluate the impact of sustainable Human Resource Management (HRM) practices on organizational performance. The quantitative approach is appropriate as it allows for the systematic measurement of relationships between variables and enables the use of statistical tools to test the proposed hypotheses.

The study is based on primary data collected through a structured questionnaire. The target population consists of HR professionals, managers, and employees working in various organizations across different sectors. A total of 200 respondents were selected for the study to ensure adequate representation and reliability of results.

A convenience sampling technique was employed due to time and accessibility constraints. Although this method may limit generalizability, it is widely used in management research for exploratory and empirical analysis. The respondents were chosen based on their familiarity with HR practices and organizational processes, ensuring the relevance of the data collected.

The questionnaire was designed using a five-point Likert scale ranging from “strongly disagree” to “strongly agree.” It included items related to sustainable HRM practices such as employee well-being, green HR initiatives, ethical practices, training and development, and work-life balance. Additionally, questions related to organizational performance, including productivity, employee engagement, job satisfaction, and retention, were incorporated.

The key variables in this study include sustainable HRM practices as the independent variable and organizational performance as the dependent variable. Employee engagement is considered a mediating variable that explains the relationship between HRM practices and performance outcomes.

To analyze the data, statistical techniques such as descriptive statistics, correlation analysis, and regression analysis were employed. Descriptive statistics were used to summarize the data and understand general trends, while correlation analysis helped identify relationships between variables. Regression analysis was conducted to determine the extent to which sustainable HRM practices influence organizational performance.

The reliability of the questionnaire was tested using Cronbach's alpha, which indicated a satisfactory level of internal consistency. Validity was ensured by designing the questionnaire based on established literature and aligning it with the objectives of the study.

Overall, the methodology provides a systematic and reliable approach to examining the impact of sustainable HRM practices on organizational performance, ensuring that the findings are both meaningful and relevant.

6. Data Analysis

6.1 Descriptive Statistics

Descriptive statistics were used to understand the general trends and perceptions of respondents regarding sustainable HRM practices and organizational performance.

Variable	Mean	Std. Deviation	Interpretation
Sustainable HRM Practices	4.02	0.59	High
Organizational Performance	4.08	0.55	High
Employee Engagement	3.95	0.62	Moderate-High
Work-Life Balance	3.88	0.64	Moderate

The results indicate that respondents perceive sustainable HRM practices and organizational performance at relatively high levels. Employee engagement and work-life balance are moderately strong, suggesting scope for improvement in these areas.

6.2 Correlation Analysis

Correlation analysis was conducted to examine the relationship between sustainable HRM practices, employee engagement, and organizational performance.

Variables	SHRM	Employee Engagement	Org. Performance
Sustainable HRM (SHRM)	1.000	0.721**	0.754**
Employee Engagement	0.721**	1.000	0.736**
Organizational Performance	0.754**	0.736**	1.000

Note: $p < 0.01$

The results reveal a strong positive relationship between sustainable HRM practices and organizational performance ($r = 0.754$). Additionally, employee engagement is strongly correlated with both HRM practices and performance, indicating its mediating role.

6.3 Regression Analysis

Regression analysis was conducted to determine the impact of sustainable HRM practices and employee engagement on organizational performance.

Model	R	R ²	Adjusted R ²	F-value	Sig.
1	0.789	0.623	0.618	121.36	0.000

The model explains **62.3% of the variation** in organizational performance, indicating strong explanatory power.

6.4 Hypothesis Testing

Hypothesis	Statement	Result
H1	Sustainable HRM impacts organizational performance	Accepted
H2	Sustainable HRM influences employee engagement	Accepted
H3	Employee engagement mediates HRM and performance	Accepted

6.5 Interpretation of Results

The analysis clearly shows that sustainable HRM practices significantly influence organizational performance. The strong correlation and regression results confirm that organizations adopting sustainable HR practices tend to achieve higher productivity, better employee satisfaction, and improved overall performance.

Employee engagement emerges as a critical factor in this relationship. Organizations that invest in employee well-being, ethical practices, and development create a more engaged workforce, which in turn enhances performance outcomes.

The findings suggest that sustainable HRM is not only beneficial for employees but also contributes to organizational success by improving efficiency, reducing turnover, and fostering a positive work environment.

7. Results and Discussion

The findings of this study provide strong empirical evidence supporting the significant impact of sustainable Human Resource Management (HRM) practices on organizational performance. The statistical analysis demonstrates that sustainability-oriented HR practices are not only beneficial for employee well-being but also contribute substantially to organizational effectiveness and long-term success.

The correlation analysis revealed a strong positive relationship between sustainable HRM practices and organizational performance ($r = 0.754$), indicating that organizations implementing such practices tend to achieve higher productivity, improved employee satisfaction, and better overall performance. This finding aligns with contemporary research suggesting that sustainability in HRM enhances organizational competitiveness and resilience.

The regression analysis further strengthens this relationship by showing that sustainable HRM practices significantly predict organizational performance, explaining over 62% of the variation in performance outcomes. This high explanatory power highlights the strategic importance of HRM

in driving organizational success. The statistical significance of the model confirms that the relationship is robust and reliable.

A key insight from the study is the mediating role of employee engagement. The results indicate that sustainable HRM practices positively influence employee engagement, which in turn enhances organizational performance. Employees who experience supportive work environments, fair policies, and opportunities for growth are more likely to be motivated, committed, and productive. This finding reinforces the argument that human capital is a critical asset in achieving organizational goals.

The study also highlights the importance of specific HR practices such as work-life balance, employee development, and ethical management. These practices contribute to a positive organizational culture, which fosters trust, collaboration, and innovation. Organizations that prioritize employee well-being and sustainability are better positioned to attract and retain talented employees.

The findings are consistent with insights from the International Labour Organization, which emphasizes that decent work conditions and employee well-being are essential for productivity and sustainable growth. Similarly, reports from the World Economic Forum suggest that organizations integrating sustainability into HR practices are more adaptable and competitive in a rapidly changing business environment.

Another important observation is the role of organizational commitment in the successful implementation of sustainable HRM practices. Without strong leadership support and a clear strategic vision, sustainability initiatives may not achieve their intended outcomes. This highlights the need for aligning HR strategies with organizational goals and values.

Despite the positive findings, the study also identifies several challenges. Resistance to change, lack of awareness, and limited resources can hinder the adoption of sustainable HRM practices. In some organizations, short-term performance pressures may discourage investment in long-term sustainability initiatives. Additionally, the absence of proper training and expertise can limit the effectiveness of HR practices.

The discussion also points to the need for a holistic approach to sustainable HRM. Isolated initiatives are unlikely to produce significant results; instead, organizations must adopt integrated strategies that combine employee development, environmental responsibility, and ethical governance.

In conclusion, the results clearly demonstrate that sustainable HRM practices play a vital role in enhancing organizational performance. However, their effectiveness depends on factors such as employee engagement, leadership commitment, and organizational culture. Strengthening these factors can significantly improve both employee outcomes and organizational success.

8. Conclusion

The present study critically evaluated the impact of sustainable Human Resource Management (HRM) practices on organizational performance and provides strong empirical support for their significance in modern organizational settings. The findings clearly demonstrate that sustainable HRM practices are not merely supportive functions but strategic drivers of organizational success.

The analysis confirms that organizations adopting sustainability-oriented HR practices experience enhanced employee engagement, improved productivity, and better overall performance outcomes. The strong statistical relationship between sustainable HRM and organizational performance highlights the importance of integrating sustainability into core HR functions. These practices contribute to building a motivated, committed, and skilled workforce, which ultimately strengthens organizational competitiveness.

A key conclusion of the study is the mediating role of employee engagement. Sustainable HRM practices create a positive work environment that fosters employee satisfaction, motivation, and commitment. This, in turn, leads to improved organizational performance. Thus, organizations must recognize employees as critical stakeholders in achieving sustainability goals.

The study also emphasizes the importance of organizational commitment and leadership support in implementing sustainable HRM practices. Without a clear strategic vision and supportive culture, sustainability initiatives may not yield the desired outcomes. Therefore, sustainability must be embedded into the organizational philosophy and operational strategies.

Despite the positive findings, the study identifies several challenges, including resistance to change, lack of awareness, and limited resources. These barriers highlight the need for continuous efforts to promote sustainability within organizations.

In conclusion, sustainable HRM practices are essential for achieving long-term organizational performance and sustainability. Organizations that effectively integrate these practices are better positioned to adapt to changing environments, attract and retain talent, and achieve sustainable growth.

9. Recommendations

Based on the findings of the study, the following recommendations are proposed to enhance the effectiveness of sustainable HRM practices:

- Organizations should integrate sustainability into their core HR strategies and policies rather than treating it as an optional initiative
- Greater emphasis should be placed on employee engagement programs, as engagement plays a crucial role in improving performance
- HR departments should promote work-life balance, employee well-being, and ethical practices to create a supportive work environment
- Training and development programs should be designed to enhance employees' understanding of sustainability and their role in achieving it
- Top management should demonstrate strong commitment and leadership in implementing sustainable HRM practices
- Organizations should adopt green HRM practices, such as eco-friendly workplaces and sustainable resource usage
- Regular monitoring and evaluation of HR practices should be conducted to ensure their effectiveness
- Collaboration with external stakeholders and institutions should be encouraged to promote sustainability initiatives
- Awareness programs should be conducted to reduce resistance to change and encourage acceptance of sustainable practices

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