

# Sustainable Human Resource Management and Organizational Sustainability: The Mediating Roles of Employee Well-Being and Employee Engagement

Annmol Varghese

Assistant Professor, St. Teresa's College, Ernakulam

**Abstract:** *Sustainable Human Resource Management (Sustainable HRM) has emerged as an important approach for organizations seeking to achieve long-term economic, social, and environmental sustainability while simultaneously supporting employee needs. Unlike traditional Human Resource Management, Sustainable HRM emphasizes employee development, employee well-being, work-life balance, ethical employment practices, employee participation, diversity and inclusion, sustainable recruitment, training and development, and environmentally responsible HR practices. This study examines the relationship between Sustainable HRM and organizational sustainability, with particular emphasis on the mediating roles of employee well-being and employee engagement. A quantitative research design is proposed, using primary data collected through a structured questionnaire administered to employees working in selected organizations. Secondary information will be obtained from research journals, sustainability reports, annual reports, organizational websites, and other relevant sources. The proposed study will employ descriptive statistics, reliability analysis, correlation analysis, multiple regression and Structural Equation Modeling (SEM)/PLS-SEM to examine the relationships among Sustainable HRM, employee well-being, employee engagement, and organizational sustainability. The study proposes that Sustainable HRM positively influences organizational sustainability and that employee well-being and employee engagement provide important mechanisms through which Sustainable HRM contributes to sustainable organizational outcomes. The study is expected to provide useful insights for HR managers and organizational leaders regarding the development of people-centered HR systems that simultaneously promote employee welfare, engagement and long-term organizational sustainability.*

**Keywords:** Sustainable Human Resource Management, Sustainable HRM, Employee Well-Being, Employee Engagement, Organizational Sustainability, Sustainable Work Practices, HR Practices.

## 1. Introduction

Sustainability has become a main consideration for organizations as businesses face increasing environmental, social and economic pressures. Organizations are no longer evaluated only on the basis of financial performance. Stakeholders increasingly expect organizations to demonstrate responsible employment practices, employee welfare, environmental responsibility, ethical governance and long-term value creation.

Human resource plays an inevitable role in achieving these objectives because employees are directly involved in implementing organizational strategies and sustainability initiatives. Sustainable Human Resource Management (Sustainable HRM) extends the traditional role of HRM by integrating economic, social and environmental considerations into human resource policies and practices.

Sustainable HRM can be understood as an approach to managing employees in a manner that supports organizational sustainability while maintaining employee health, development, employability and quality of working life. Sustainable HR practices may include sustainable recruitment and selection, continuous training and development, employee participation, fair compensation, diversity and inclusion, work-life balance, health and safety, employee empowerment and environmentally responsible workplace practices.

Recent literature indicates that Sustainable HRM is increasingly viewed as a mechanism for connecting human capital management with broader organizational sustainability objectives. Research also suggests that sustainable HR practices can positively influence employee well-being and work engagement. A recent cross-cultural study involving employees across 54 countries found evidence that Sustainable HRM was positively associated with work engagement and eudaimonic well-being.

Employee well-being is particularly important because organizational sustainability cannot be achieved effectively when employees experience excessive stress, poor work-life balance, inadequate support or limited opportunities for development. Sustainable HRM therefore seeks to create working environments in which employees can remain healthy, motivated, productive and capable of contributing to organizational objectives.

Employee engagement represents another important mechanism. Engaged employees demonstrate greater vigour, dedication and absorption in their work. Sustainable HR practices may strengthen engagement by providing employees with meaningful work, development opportunities, organizational support, participation and fair treatment. Previous empirical research has reported positive relationships between sustainable HRM practices and employee engagement.

Organizational sustainability represents the ability of an organization to achieve long-term economic viability while maintaining social responsibility and environmental responsibility. Thus, Sustainable HRM may contribute to organizational sustainability not only directly, but also indirectly by improving employee well-being and employee engagement.

Therefore, the present study proposes an integrated framework examining the relationship between Sustainable HRM and organizational sustainability, with employee well-being and employee engagement serving as mediating variables.

## 2. Review of Literature

### 1) Aust, I., Matthews, B., & Müller-Camen, M. (2020)

The researchers introduced the concept of Common Good Human Resource Management (CGHRM) as a new perspective within sustainable HRM. The study emphasizes that HRM practices should focus not only on organizational performance but also on the well-being of employees, society, and the broader environment. The authors argue that sustainable HRM should contribute to the common good by balancing economic, social, and environmental objectives.

### 2) Ehnert, I. (2009)

Ehnert provided a comprehensive conceptual analysis of Sustainable Human Resource Management (SHRM) from a paradox perspective. The study highlights the need to balance economic objectives with social and environmental responsibilities in human resource management. It emphasizes that organizations must effectively manage the conflicting demands between short-term organizational performance and the long-term sustainability and well-being of employees and other stakeholders.

### 3) Ehnert, I., Harry, W., & Zink, K. J. (Eds.). (2014)

The authors explored the relationship between sustainability and human resource management, emphasizing the role of HRM in developing sustainable business organizations. The work highlights how effective HR practices can support economic, social, and environmental sustainability. It also emphasizes the importance of integrating sustainability principles into HR policies and practices to promote long-term organizational success and employee well-being.

### 4) Kramar, R. (2014)

The study examined Sustainable Human Resource Management (SHRM) as an emerging approach that extends beyond traditional strategic HRM. The study emphasizes that HRM should focus not only on improving organizational performance but also on promoting employee well-being, social equity, and environmental sustainability. The author argues that integrating sustainability principles into HR practices can contribute to the long-term success and sustainable development of organizations.

### 5) Ren, S., Tang, G., & Jackson, S. E. (2023)

Their study reviewed the emerging research on Green Human Resource Management (GHRM) and identified major themes and future research directions in the field. The study highlights how green HR practices, such as green recruitment, training, performance management, and employee involvement, can support organizational environmental sustainability. The authors also emphasize the need for further research to understand the mechanisms through which GHRM influences employee attitudes, behaviours, and organizational sustainability outcomes.

## 3. Research Gap

Existing studies have established relationships between Sustainable HRM and various employee outcomes. However, several research gaps remain.

First, many studies examine Sustainable HRM and employee outcomes separately rather than integrating employee well-being, employee engagement and organizational sustainability within one model.

Second, although employee well-being has been identified as an important outcome of Sustainable HRM, further research is required to examine whether well-being acts as a mechanism through which Sustainable HRM contributes to organizational sustainability.

Third, employee engagement has received substantial attention, but its mediating role between sustainable HR practices and organizational sustainability requires further empirical examination.

Fourth, there is a need for more empirical research in the Indian organizational context. Recent Indian studies have begun examining Sustainable HRM and employee outcomes, but the combined mediating framework proposed in the present study remains worthy of further investigation.

Therefore, the present study attempts to address this gap by developing an integrated model in which Sustainable HRM is the independent variable, organizational sustainability is the dependent variable, and employee well-being and employee engagement are proposed as mediating variables.

## 4. Problem Statement

Organizations are increasingly adopting sustainability-oriented HR practices, but the extent to which these practices translate into organizational sustainability remains insufficiently understood. Sustainable HRM may influence organizational sustainability directly; however, its effectiveness may depend on how employees experience and respond to sustainable HR practices.

If employees experience better well-being, supportive working conditions and opportunities for development, they may

become more engaged with their work and contribute more effectively to organizational sustainability initiatives.

Therefore, the present study seeks to examine whether employee well-being and employee engagement mediate the relationship between Sustainable HRM and organizational sustainability.

## 5. Objectives of the Study

### Primary Objective

To examine the relationship between Sustainable Human Resource Management and organizational sustainability and to assess the mediating roles of employee well-being and employee engagement.

### Specific Objectives

- To understand the concept and significance of Sustainable Human Resource Management.
- To assess the level of Sustainable HRM practices adopted by organizations.
- To examine the relationship between Sustainable HRM and employee well-being.
- To examine the relationship between Sustainable HRM and employee engagement.
- To examine the relationship between Sustainable HRM and organizational sustainability.
- To examine the relationship between employee well-being and organizational sustainability.
- To examine the relationship between employee engagement and organizational sustainability.
- To determine whether employee well-being mediates the relationship between Sustainable HRM and organizational sustainability.
- To determine whether employee engagement mediates the relationship between Sustainable HRM and organizational sustainability.
- To examine the combined mediating role of employee well-being and employee engagement in the relationship between Sustainable HRM and organizational sustainability.
- To suggest practical measures for strengthening Sustainable HRM and organizational sustainability.

## 6. Research Questions

- What is Sustainable Human Resource Management?
- To what extent are Sustainable HRM practices implemented by organizations?
- Does Sustainable HRM significantly influence employee well-being?
- Does Sustainable HRM significantly influence employee engagement?
- Does Sustainable HRM significantly influence organizational sustainability?
- Does employee well-being significantly influence organizational sustainability?
- Does employee engagement significantly influence organizational sustainability?

- Does employee well-being mediate the relationship between Sustainable HRM and organizational sustainability?
- Does employee engagement mediate the relationship between Sustainable HRM and organizational sustainability?
- Do employee well-being and employee engagement jointly mediate the relationship between Sustainable HRM and organizational sustainability?

## 7. Hypotheses

### Null Hypotheses (H<sub>0</sub>)

- H<sub>01</sub>: There is no significant relationship between Sustainable HRM and employee well-being.
- H<sub>02</sub>: There is no significant relationship between Sustainable HRM and employee engagement.
- H<sub>03</sub>: There is no significant relationship between Sustainable HRM and organizational sustainability.
- H<sub>04</sub>: Employee well-being has no significant relationship with organizational sustainability.
- H<sub>05</sub>: Employee engagement has no significant relationship with organizational sustainability.
- H<sub>06</sub>: Employee well-being does not significantly mediate the relationship between Sustainable HRM and organizational sustainability.
- H<sub>07</sub>: Employee engagement does not significantly mediate the relationship between Sustainable HRM and organizational sustainability.
- H<sub>08</sub>: Employee well-being and employee engagement do not jointly mediate the relationship between Sustainable HRM and organizational sustainability.

### Alternative Hypotheses (H<sub>1</sub>)

- H<sub>11</sub>: Sustainable HRM has a significant positive relationship with employee well-being.
- H<sub>12</sub>: Sustainable HRM has a significant positive relationship with employee engagement.
- H<sub>13</sub>: Sustainable HRM has a significant positive relationship with organizational sustainability.
- H<sub>14</sub>: Employee well-being has a significant positive relationship with organizational sustainability.
- H<sub>15</sub>: Employee engagement has a significant positive relationship with organizational sustainability.
- H<sub>16</sub>: Employee well-being significantly mediates the relationship between Sustainable HRM and organizational sustainability.
- H<sub>17</sub>: Employee engagement significantly mediates the relationship between Sustainable HRM and organizational sustainability.
- H<sub>18</sub>: Employee well-being and employee engagement jointly mediate the relationship between Sustainable HRM and organizational sustainability.

## 8. Research Methodology

### Research Design

The study will adopt a descriptive and analytical research design.

**Nature of Study**

The study will use a quantitative research approach.

**Data Collection****Primary Data**

Primary data will be collected through a structured questionnaire administered to employees working in selected organizations.

**Secondary Data**

Secondary information will be collected from:

- Research journals
- Books
- Annual reports
- Sustainability reports
- ESG reports
- Company websites
- Government publications
- Reports of international organizations
- Relevant research databases

**Population**

The population will consist of employees working in organizations that have adopted or are adopting sustainability-oriented HR practices.

**Sampling Technique**

Stratified random sampling may be used to obtain representation from different sectors, organizational levels and employee categories.

**Sample Size**

A sample of approximately 300–400 employees from service organization and its firms.

**Variables****Independent Variable**

- Sustainable Human Resource Management

**Dependent Variable**

- Organizational Sustainability
- Economic sustainability
- Social sustainability
- Environmental sustainability
- Long-term organizational performance
- Sustainable resource utilization

**Control Variables**

- Age
- Gender
- Educational qualification
- Work experience
- Organizational tenure
- Job level
- Organization size
- Industry type

**Statistical Tools**

The following statistical techniques may be employed:

- Percentage analysis
- Mean and standard deviation
- Cronbach's Alpha reliability test
- Exploratory Factor Analysis
- Correlation analysis
- Multiple regression analysis
- Mediation analysis
- Independent Sample t-test
- ANOVA
- Structural Equation Modeling (SEM)
- Bootstrapping analysis

**Software**

- SPSS
- AMOS / SmartPLS (optional)
- MS Excel
- SEM/PLS-SEM would be particularly appropriate for testing the proposed mediation model.

**9. Scope of the Study**

The study focuses on the role of Sustainable HRM in promoting organizational sustainability. It specifically examines employee well-being and employee engagement as mechanisms through which sustainable HR practices may influence organizational sustainability. The study covers organizations operating in manufacturing, banking, healthcare, information technology, education, retail, hospitality and service sectors. The study is primarily concerned with employee's perceptions of Sustainable HRM practices and their relationship with employee and organizational outcomes.

**10. Significance of the Study**

The study can help HR managers identify sustainable HR practices that improve employee well-being and engagement. The findings may encourage organizations to move beyond short-term HR outcomes and develop HR systems that support long-term organizational sustainability.

**11. Expected Outcomes**

- The study is expected to provide evidence regarding:
- The level of Sustainable HRM practices in organizations.
- The relationship between Sustainable HRM and employee well-being.
- The relationship between Sustainable HRM and employee engagement.
- The relationship between Sustainable HRM and organizational sustainability.
- The mediating role of employee well-being.
- The mediating role of employee engagement.
- The combined mediating effect of employee well-being and employee engagement.
- The possible sequential pathway from Sustainable HRM to well-being, engagement and organizational sustainability.

- Practical strategies for strengthening sustainable HR systems.
- The expected model is that organizations implementing employee-centred and sustainability-oriented HR practices will demonstrate stronger employee well-being and engagement, which in turn may contribute to organizational sustainability.

## 12. Conclusion

Sustainable Human Resource Management represents a significant shift from conventional HRM toward a broader approach that integrates employee welfare, organizational performance and environmental and social responsibility. Organizations increasingly need HR systems that not only support productivity but also create healthy, inclusive, ethical and sustainable workplaces.

The present study proposes that employee well-being and employee engagement are important mechanisms connecting Sustainable HRM with organizational sustainability. Sustainable HR practices can create supportive working environments, improve employee well-being and encourage employees to become more engaged with their work. Engaged and healthy employees may then contribute more effectively to long-term organizational sustainability.

The proposed research framework therefore provides an integrated approach for examining how people-centered HR practices can contribute to sustainable organizational outcomes. The study is expected to provide useful theoretical and practical insights for HR professionals, organizational managers, policymakers and researchers interested in sustainable business and human resource management.

## References

- [1] Aust, I., Matthews, B., & Müller-Camen, M. (2020). Common good HRM: A paradigm shifts in sustainable HRM? *Human Resource Management Review*, 30(3), 100705.
- [2] Ehnert, I. (2009). *Sustainable Human Resource Management: A Conceptual and Exploratory Analysis from a Paradox Perspective*. Physica-Verlag.
- [3] Ehnert, I., Harry, W., & Zink, K. J. (Eds.). (2014). *Sustainability and Human Resource Management: Developing Sustainable Business Organizations*. Springer.
- [4] Kramar, R. (2014). Beyond strategic human resource management: Is sustainable human resource management the next approach? *The International Journal of Human Resource Management*, 25(8), 1069–1089.
- [5] Ren, S., Tang, G., & Jackson, S. E. (2023). Green human resource management research in emergence: A review and future directions. *Asia Pacific Journal of Management*.
- [6] Lu, Y., Zhang, M. M., Yang, M. M., & Wang, Y. (2023). Sustainable human resource management practices, employee resilience, and employee outcomes: Toward common good values. *Human Resource Management*, 62(3), 331–353. <https://doi.org/10.1002/hrm.22153>
- [7] Qamar, F., Afshan, G., & Rana, S. A. (2024). Sustainable HRM and well-being: Systematic review and future research agenda. *Management Review Quarterly*, 74, 1–35.
- [8] Poon, T. S. C., & Law, K. K. (2022). Sustainable HRM: A systematic review of the literature and future research agenda. *Sustainability*.
- [9] Pandey, V., Mathur, G., & Pandey, V. K. (2026). Green human resource management as a driver of sustainability outcomes through employee engagement and organizational image. *Discover Sustainability*. <https://doi.org/10.1007/s43621-026-03528-8>
- [10] Ashraf, A., Gupta, S., Andrabi, U., Sahni, N., Birau, R., Popescu, V., et al. (2026). Linking Sustainable HRM to Employee Well-Being: Insights from the AMO Framework and the Mediating Influence of Perceived Organizational Support. *International Review of Management and Marketing*, 16(3), 136–146. <https://doi.org/10.32479/irmm.22525>
- [11] Schaufeli, W. B., Salanova, M., González-Romá, V., & Bakker, A. B. (2002). The measurement of engagement and burnout: A two-sample confirmatory factor analytic approach. *Journal of Happiness Studies*, 3, 71–92.
- [12] Bakker, A. B., & Demerouti, E. (2007). The Job Demands–Resources model: State of the art. *Journal of Managerial Psychology*, 22(3), 309–328.
- [13] Pandey, V., Mathur, G., & Pandey, V. K. (2026). Green human resource management as a driver of sustainability outcomes through employee engagement and organizational image. *Discover Sustainability*.
- [14] Transforming organisations for triple bottom line: A review of sustainable human resource management literature. (2026). *Sustainable Futures*, 11, 101885. <https://doi.org/10.1016/j.sfr.2026.101885>
- [15] Putting sustainable human resource management and workplace eudaimonic well-being into cross-cultural context. (2026). *European Management Journal*. <https://doi.org/10.1016/j.emj.2026.03.008>