



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

IMPACT OF EMPLOYEE CENTRIC ROLE OF SUSTAINABLE HRM ON ORGANIZATIONAL PERFORMANCE

Dr. Bharathi A

Associate Professor

Department of Commerce and Management

Government First Grade College, Rajajinagar

Bengaluru - 560 010

Karnataka, India

Abstract

This study investigates how the relationship between Sustainable Human Resource Management (SHRM) and organizational performance is mediated by knowledge management, human capital, employee engagement, and employee well-being. A quantitative research technique was used to gather data from 385 workers of different firms using a standardized questionnaire. The results of the partial least squares structural equation modelling (PLSSEM) analysis show that sustainable HRM has a substantial direct and indirect impact on organizational performance. The results show that employee engagement, human capital, knowledge management, and well-being are important mediating elements in this connection. The study concludes that implementing sustainable HR practices is essential for enhancing employee capabilities, workplace well-being, and overall organizational efficacy, which are vital for attaining long-term sustainability and performance.

Keywords: sustainable HRM, organizational performance, knowledge management, human capital, employee well-being, employee engagement

1. INTRODUCTION

Sustainable Human Resource Management (SHRM) integrates social, economic, and social objectives with HR practices while emphasizing employee development, sustainable employment, and happy work environments. This approach is essential for achieving organizational sustainability and competitiveness in relation to societal issues, globalization, and environmental concerns [1]. For businesses, the sustainable elements of human resource management (HRM) have grown in significance [2]. Sustainable HRM encompasses strategies and practices that prioritize long-term employee well-being, business growth, and the broader social and environmental effect over immediate results [3]. Employee interests and well-being play a major role in an organization's human and social targets, which, when met, enable sustainable HRM to assist the achievement of other organizational objectives [4]. Human capital is defined as people who possess the intelligence, expertise, and knowledge necessary to make a substantial contribution to a business [5]. These individuals or groups have the capacity to learn, adapt, innovate, and stimulate creativity, all of which support the organization's long-term survival. Kumar [6] investigated how the adoption of sustainable human resource management (SHRM) practices and organizational performance are mediated by innovation

and knowledge management. Organizations put a lot of effort into addressing and safeguarding employee wellness so that workers are consistently motivated and pleased at work [7]. Sustainable HRM is essential for balancing company growth with social and environmental responsibilities by focusing on employee well-being and community impact through tactics including employee development, equitable remuneration, work-life balance, and sustainability efforts [8,9]. HR plays a crucial role in initiating and effectively executing employee-oriented measures to create a healthy work environment and make workers happy and like their work [10]. Businesses are beginning to recognize the importance of employee engagement, with motivated workers acting as strategic partners [11]. Thus, this study's main objective of the study is to investigate how sustainable HRM affects organizational performance and to investigate the mediating functions of knowledge management, human capital, employee engagement, and well-being.

2. LITERATURE REVIEW AND HYPOTHESIS GENERATION

2.1 Impact of sustainable HRM on organizational performance

Sustainability and HRM practices are connected in two ways by the term "sustainable HRM practice." In general, HRM procedures stimulate long-term organizational performance through sustainability [12]. The significance of incorporating sustainability initiatives into HRM practices to create resilient and high-performing firms was highlighted by a Yuswardi et al. [3] study. A comprehensive framework for assessing the benefits and drawbacks of sustainable HR practices was provided by Hossain et al. [9]. The findings highlighted how organizations can improve their performance by expanding their understanding of sustainable HRM. Sustainable human resource management comprises altering HRM processes to achieve financial, social, and ecological goals, therefore impacting both the firm and its environment in the long term [13]. It enables individuals to efficiently use their skills and enthusiasm, increasing engagement and improving organizational performance. Hence, first hypothesis proposes,

H1: Sustainable HRM significantly influence organizational performance.

2.2 Mediating impact

2.2.1 Human capital

Akbar et al. [5] states that human capital and sustainable HRM brings sustainability in the organization. There are two main theories that focus on the relationship between firm performance and human capital. Barney's (1991) resource-based perspective of the company is the most popular theory to explain how HRM practices and/or human capital might contribute to firm success. The unique contribution of human capital may provide firms with a sustained competitive edge, according to the resource-based view of the firm [14–18]. The second most popular theory is the human capital theory (HCT). HCT, which was founded by Becker in 1962, holds that humans have a certain amount of human capital that may be expanded via education and training [16]. Accordingly, HCT theorists also believe that a workforce with a high level of education and training is likely to be productive, which can improve the performance of an organization. Hence first mediating hypothesis framed.

H2: The relationship between Sustainable HRM and organizational performance is mediated by human capital.

2.2.2 Knowledge management

In order to create engaged individuals and improve organizational performance, sustainable HRM strategies give workers long-term opportunity to use their skills and demonstrate their excitement for learning and using knowledge and skills in the workplace [13]. Yuswardi et al. [3] investigated the impact of sustainable HRM practices on organizational performance in the manufacturing sector in Batam, Indonesia, using a quantitative study methodology. The results demonstrated that knowledge management's mediation impact enhances the connection between sustainable HRM practices and organizational performance [6]. Based on the literature below hypothesis proposes.

H3: The relationship between sustainable HRM and organizational performance is mediated by knowledge management.

2.2.3 Employee well-being

Employee well-being is indicated by a contented living and working environment. The organization's personnel is one of its most valuable assets. The value of employees' assets may be considerably increased by funding training and well-being programs [7]. Developing loyal, effective, healthy, and satisfied employees for the business is the main objective of providing well-being programs. Employee performance and well-being are significantly impacted by HR practices, whereas content variables show weaker, nonsignificant relationships. According to the Katkar et al., [10], employees are forced to work past their scheduled hours in difficult and stressful situations due to the changing nature of the workplace. Hence following hypothesis proposes.

H4: The relationship between sustainable HRM and organizational performance is mediated by employee well-being.

2.2.4 Employee engagement

The impact of sustainable HRM on employee engagement has become the main focus of recent research, replacing traditional HRM practices. Mahfouz et al., [19] emphasized the necessity of promoting green practices among staff members to strengthen the environmental credentials of the company. Sustainable HRM incorporates sustainability into HR operations, reflecting a growing comprehension of the link between these HR practices and employee engagement. Mohanty et al., [11] investigated the four dimensions of employee engagement, trait, performance, and commitment and their impact on employee well-being. Employees demonstrated organizational commitment, allowing employers to use this information to improve recruitment, workplace environment, training, and professional development opportunities. According to Kranthi [20], key sustainable HRM practices, include laws that support work-life balance, equitable compensation, opportunities for ongoing learning, and environmental sustainability. Hence last mediating hypotheses framed.

H5: The relationship between sustainable HRM and organizational performance is mediated by employee engagement.

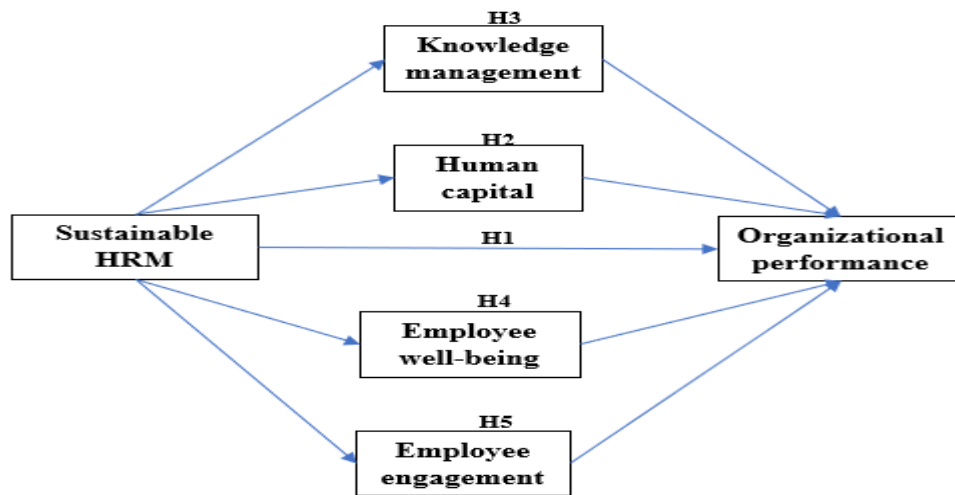


Figure 1 is showing the study's conceptual model. Organizational performance is the dependent variable, and sustainable HRM is the independent variable. Human capital, knowledge management, employee engagement, and well-being mediating variables that mediate the relationship between dependent and independent variables.



Figure 1: Conceptual model

3. RESEARCH METHOD

In order to examine the interactions between different study components, this study used a quantitative approach. A cross-sectional survey technique makes it easier to collect primary data from workers in a range of firms. Data was collected using a systematic questionnaire using previously published verified measurement scales. The questionnaire assessed key concepts such as sustainable HRM, knowledge management, human capital, employee engagement, employee well-being, and organizational performance on a five-point Likert scale (1 being "strongly disagree" to 5 being "strongly agree"). Respondents were chosen via convenience sampling from governmental and private sector organizations, international corporations, and non-profit organizations. There was a total of 385 verified responses for analysis. The data was evaluated using the Partial Least Squares (PLS-SEM) method, which is supported by SmartPLS software. The reliability and validity of the measurement model were thoroughly tested, including Cronbach's alpha, composite reliability, and average variance extracted (AVE). To evaluate the proposed theories and mediation effects, the structural model analysis looked at path coefficients, R^2 values, effect sizes (f^2), and bootstrapping methods.

4. RESULTS

This study used a quantitative research technique to examine the link between sustainable HRM and organizational performance, with a focus on the mediating roles of knowledge management, human capital, employee engagement, and employee well-being. To obtain data, a standardized questionnaire was employed in a cross-sectional survey of employees from various firms. This questionnaire, which was developed using validated measuring scales modified from previous research, measured sustainable HRM, knowledge management, human capital, employee engagement, employee well-being, and organizational performance. Responses were graded on a five-point Likert scale, with 1 indicating strong disagreement and 5 indicating strong agreement. Data from 385 respondents from diverse sectors, including public, private, international enterprises, and non-profit organizations, were gathered using a convenience sample technique. Gender, age, education level, job designation, work experience, organization type, and organizational size were all considered in the analysis. The data was analyzed using Structural Equation Modeling (SEM) with Partial Least Squares (PLS-SEM), which was facilitated by SmartPLS software. To assess the measurement model, reliability and validity tests such as average variance extracted (AVE), composite reliability, and Cronbach's alpha were conducted. The SEM model was evaluated using path coefficients, R^2 values, effect sizes (f^2), and bootstrapping to validate hypotheses and mediation effects.

4.1 Demographics

Error! Reference source not found. presents the respondents' demographic profile. Following the survey, 385 responses were received. There was a fairly balanced representation of both genders, with 59% of the population being male and 41% being female. In terms of age, most of the participants were in the 31–40 age range at 34.8%, followed by those between the ages of 21 to 30 at 33.0%, 41 to 50 at 23.1%, and 9.1% are over 50, demonstrating that the majority of participants were in the early to mid-career stages. Respondents' education levels were relatively high, with 50.1% holding a bachelor's degree, 29.6% holding a master's degree, and 20.3% holding a diploma. As a measure of representation across designation/job-level, 37.1% of respondents were middle-level, 27.5% were entry-level, 21.0% were senior-level, and 14.3% were in managerial or leadership roles. In terms of work experience, 37% had less than five years, 33% had five to ten years, and 30% had more than ten years in total. The 51.7% of respondents were employed in the private sector, which was followed by non-profit organizations with 6.2%, public sector organizations with 17.7%, and multinational corporations with 24.4%. Additionally, the respondents represented a range of organizational sizes, with the largest group with 35.6% employed by companies with between 31 and 70 employees. In general, the varied demographic traits improve the sample's representativeness.

4.2 Descriptive

The variance from the mean is described by the mean and standard deviation. While high standard deviation data points are more widely scattered throughout a wide range of values, low standard deviation data points are more likely to be around the mean. The descriptive statistics for sustainable HRM in Table 1 show that respondents' views on the implementation of sustainable HR practices are typically positive. On a five-point Likert scale, the mean scores usually show moderate levels of agreement across most variables, ranging from 3.24 to 3.34. Opportunities for professional development received the highest mean score (3.34 ± 0.824), underscoring its importance. Long-term career investment (3.32 ± 0.853), career growth communication (3.32 ± 0.823), and a safe workplace ($M = 3.31 \pm 0.870$) all received favorable responses. However, there may be room for improvement given the lower mean scores for employee well-being (3.25 ± 0.842) and environmental and social responsibility (3.24 ± 0.865). In general, companies demonstrate a respectable dedication to sustainable HRM practices.

Table 1. Sustainable HRM

Sustainable HRM	Mean	Std. Deviation
SHRM1	3.24	0.865

SHRM2	3.30	0.807
SHRM3	3.32	0.853
SHRM4	3.29	0.818
SHRM5	3.28	0.807
SHRM6	3.30	0.814
SHRM7	3.31	0.870
SHRM8	3.28	0.848
SHRM9	3.34	0.824
SHRM10	3.25	0.842
SHRM11	3.32	0.827
SHRM12	3.30	0.852

The average employee perception scores, which range from 3.22 to 3.31, show a general perception of respectable organizational performance (refer Table 2). Overall success in accomplishing goals received the highest score (3.31 ± 0.844), followed by adaptability (3.30 ± 0.836) and employee engagement that contributes to profitability (3.29 ± 0.849). The lowest score (3.22 ± 0.860) relates to engagement lowering absenteeism, while training and development improving performance scored (3.27 ± 0.836). The findings point to a moderate level of organizational effectiveness.

Table 2. Organization performance

Organization performance	Mean	Std. Deviation
OP1	3.31	0.844
OP2	3.27	0.836
OP3	3.30	0.836
OP4	3.22	0.860
OP5	3.29	0.849

With mean scores ranging from 3.25 to 3.32, the descriptive statistics in Table 3 show that opinions of employees' abilities within the company are generally positive. Experience managing complex tasks has the highest score (3.32 ± 0.86), followed by creativity and specialized knowledge in problem-solving (3.29 ± 0.86) and comprehension of work procedures (3.28 ± 0.86). This implies a high level of human capital that benefits companies by supplying a workforce that is capable and knowledgeable.

Table 3. Human capital

Human capital	Mean	Std. Deviation
HC1	3.25	0.806
HC2	3.28	0.826
HC3	3.28	0.856
HC4	3.29	0.868
HC5	3.29	0.840
HC6	3.32	0.867

Table 4 reveals relatively good evaluations of the organization's knowledge-sharing methods, with mean scores ranging from 3.27 to 3.32. The highest mean score (3.32 ± 0.87) was for technology systems that encourage knowledge management, highlighting the importance of digital platforms. Other positive indicators include active knowledge sharing (3.29 ± 0.79), sharing system availability to improve performance (3.29 ± 0.84), and knowledge resource utilization (3.29 ± 0.88). Furthermore, encouraging participation in improvement initiatives (3.27 ± 0.86) indicates a positive knowledge-sharing environment.

Table 4. Knowledge management

Knowledge management	Mean	Std. Deviation
KM1	3.29	0.841
KM2	3.29	0.790
KM3	3.27	0.857
KM4	3.29	0.879
KM5	3.32	0.872

The descriptive statistics in Table 5 show that, with mean scores ranging from 3.25 to 3.33, employees generally have a positive perception of their well-being. The mean score for feeling emotionally balanced at work was the highest (3.33 ± 0.850). Colleague relationships, motivation, future outlook, and stress recovery all received similar scores (3.31). Positive responses were also given to working conditions that promote health and safety ($M = 3.29 \pm 0.86$) and dependence on coworkers (3.25 ± 0.85). The results imply that a positive work environment enhances employee wellbeing.

Table 5. Employee well-being

Employee well-being	Mean	Std. Deviation
EWB1	3.33	0.850
EWB2	3.31	0.920
EWB3	3.31	0.803
EWB4	3.31	0.812
EWB5	3.31	0.808
EWB6	3.25	0.852
EWB7	3.29	0.868

Employees generally feel involved in organizational activities, especially training and development, according to Table 6, the mean scores, which range from 3.25 to 3.32. The claim that training programs increase engagement received the highest score (3.32 ± 0.839). Positive and moderate ratings were also given to the contributions of knowledge sharing (3.30 ± 0.835), work-life balance (3.28 ± 0.860), and career growth opportunities enhancing engagement (3.27 ± 0.865). In general, the organizations are advised to have moderate levels of employee engagement.

Table 6. Employee engagement

Employee engagement	Mean	Std. Deviation
EE1	3.25	0.892
EE2	3.30	0.835
EE3	3.27	0.831
EE4	3.28	0.860
EE5	3.32	0.839
EE6	3.27	0.865

4.3 Reliability statistics

The reliability study employed Cronbach's Alpha to evaluate the internal consistency of the measuring scales, and Table 7's findings demonstrated that every construct had good reliability. The scale's internal consistency is shown by Cronbach's alpha values, which range from 0 to 1 [21]. Greater dependability is indicated by alpha values nearer 1, while values above 0.6 are regarded as acceptable. At 0.957 (12 items), the sustainable HRM had the best dependability. Second place went to organizational performance (0.938, 5 items), employee engagement (0.902, 6 items), knowledge management (0.879, 5 items), human capital

(0.890, six items), and employee well-being (0.891, 7 items). Every value was higher than the recommended cut-off points of 0.70, demonstrating that the measurement scales were reliable.

Table 7. Reliability statistics

	Cronbach's Alpha	No. of Items
SHRM	0.957	12
OP	0.938	5
EE	0.902	6
KM	0.879	5
HC	0.890	6
EWB	0.891	7

Table 8 shows that sustainable HRM, organizational performance, employee engagement, knowledge management, human capital, and employee well-being were found to be significantly correlated by Spearman's rank correlation analysis. Sustainable HRM demonstrated a strong positive correlation with organizational performance ($r = 0.751$). Further sustainable HRM has moderately positive correlations with employee engagement ($r = 0.604$), knowledge management ($r = 0.603$), employee well-being ($r = 0.590$), and human capital ($r = 0.588$). Additionally, there was a significant positive correlation between organizational performance and knowledge management ($r = 0.587$), employee well-being ($r = 0.573$), human capital ($r = 0.563$), and employee engagement ($r = 0.555$). These results highlight the beneficial relationship between important organizational and employee-related outcomes and sustainable HRM practices.

Table 8. Spearman's Rank Correlation Matrix

	1	2	3	4	5	6
SHRM (1)	1					
OP (2)	.751**	1				
EE (3)	.604**	.555**	1			
KM (4)	.603**	.587**	.351**	1		
HC (5)	.588**	.563**	.426**	.417**	1	
EWB (6)	.590**	.573**	.434**	.455**	.417**	1

4.4 Measurement model

Figure 2 presents the relationships between Sustainable HRM, knowledge management, human capital, employee engagement, well-being, and organizational performance are demonstrated by the PLS-SEM model results. The measurement items' factor loadings, which typically range from 0.74 to 0.91, are high, indicating strong indicator reliability and verifying that the items accurately reflect their respective constructs. The R^2 values show the explanatory strength of the model. The highest R^2 value is 0.654 for organizational performance, meaning that human capital, employee well-being, and other related constructs account for about 65.4% of the variance in organizational performance. Similarly, Sustainable HRM has moderate explanatory power, accounting for 36.9% of the variance in human capital, 40.7% in employee well-being, 37.8% in employee engagement, and 33.9% in knowledge management. According to the structural path coefficients, knowledge management ($\beta = 0.608$), human capital ($\beta = 0.638$), and employee well-being ($\beta = 0.749$) are all positively impacted by sustainable HRM. Employee well-being ($\beta = 0.187$) and human capital ($\beta = 0.112$) both have positive effects on organizational performance as a result of these constructs. Overall, the model shows that through a number of mediating mechanisms, such as knowledge management, human capital, and employee well-being, sustainable HRM significantly contributes to improving organizational performance.

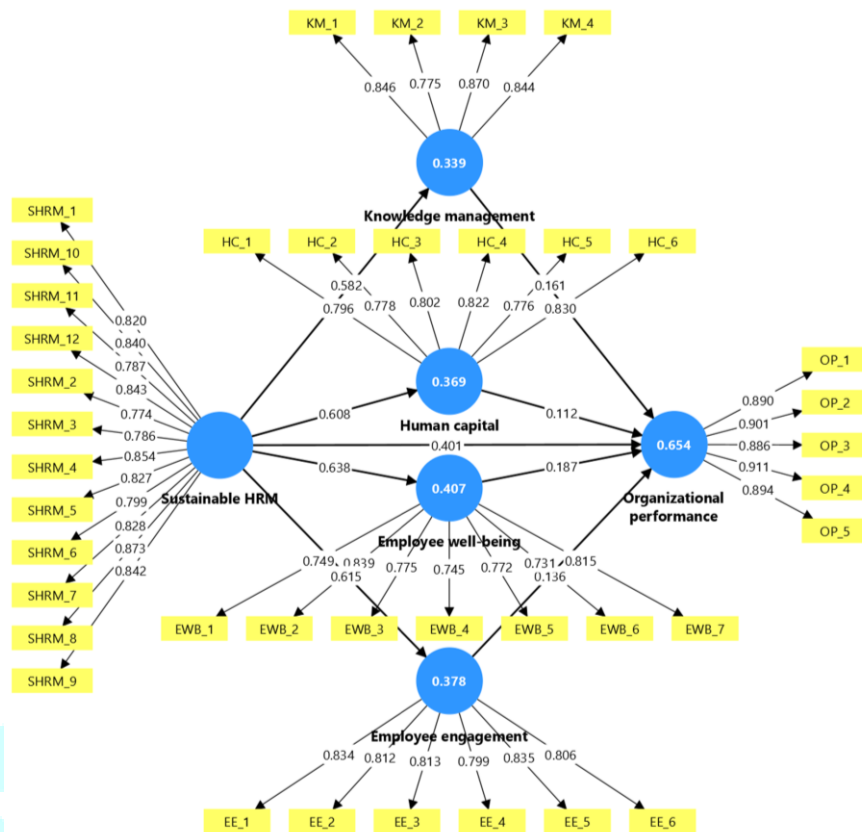


Figure 2. Measurement model for mediation and moderation effects

According to the f^2 effect size results, sustainable HRM has a significant influence on employee well-being (0.686), employee engagement (0.607), human capital (0.585), and knowledge management (0.513). It has a moderate impact on organizational performance, though (0.156). On the other hand, employee well-being (0.056), knowledge management (0.048), employee engagement (0.031), and human capital (0.022), all have negligible effects on organizational performance. Strong measurement quality across all constructs is confirmed by the computed values. The internal consistency requirement of 0.70 is exceeded by Cronbach's alpha values, which vary from 0.854 to 0.957. Composite reliability ratings (ρ_a and ρ_c) that also exceed 0.70 are indicative of robust construct dependability. Average Variance Extracted (AVE) values between 0.602 and 0.804, which are greater than the recommended threshold of 0.50, show adequate convergent validity. Organizational performance (0.804), knowledge management (0.696), and sustainable HRM (0.678) have the greatest AVE. The convergent validity and reliability of the measurement model are generally excellent.

The HTMT ratio and the Fornell-Larcker criterion were used to evaluate discriminant validity. The HTMT values showed the empirical uniqueness of the constructs; they ranged from 0.296 to 0.804 and were all below the 0.85 cut-off (refer Table 9). The Fornell-Larcker criteria states that the square roots of AVE values for each construct are higher than their correlations with other constructs (refer Table 10). Employee engagement (0.817), employee well-being (0.776), knowledge management (0.834), human capital (0.801), organizational performance (0.896), and sustainable HRM (0.823) were all higher than their inter-construct correlations, indicating that the measurement model had sufficient discriminant validity.

Table 9. Discriminant validity – HTMT

	1	2	3	4	5	6
Employee engagement (1)						
Employee well-being (2)	0.549					
Human capital (3)	0.491	0.566				
Knowledge management (4)	0.296	0.453	0.428			
Organizational performance (5)	0.613	0.688	0.621	0.61		

	1	2	3	4	5	6
Sustainable HRM (6)	0.655	0.684	0.653	0.636	0.804	

Table 10. Discriminant validity – Fornell Larcker criterion

	1	2	3	4	5	6
Employee engagement (1)	0.817					
Employee well-being (2)	0.496	0.776				
Human capital (3)	0.45	0.512	0.801			
Knowledge management (4)	0.269	0.406	0.377	0.834		
Organizational performance (5)	0.569	0.632	0.573	0.549	0.896	
Sustainable HRM (6)	0.615	0.638	0.608	0.582	0.765	0.823

All the Variance Inflation Factor (VIF) values are within an acceptable range. According to an evaluation of the VIF values that was done to look into multicollinearity problems among measurement items. VIF values for Sustainable HRM (2.41 - 3.70), staying under the crucial limit of 5.0, showing no serious multicollinearity problems. Similarly, acceptable levels are indicated by organizational performance (3.02 - 4.08). Employee engagement (1.97–2.44), knowledge management (1.68–2.17), human capital (1.86–2.34), and employee well-being (1.67–2.42) all have low VIF values. Overall, the results show that there are no multicollinearity problems, suggesting that the measurement model is consistent and the indicators stand suitable for additional structural model analysis.

Table 11 shows that suggested model fits the observed data well. According to the model fit indices, both the assessed model (0.067) and the saturated model (0.061) have Standardized Root Mean Square Residual (SRMR) values below the 0.08 cutoff, indicating a suitable fit. A slight disparity between the observed and model-implied correlation matrices is suggested by the D_ULS and D_G values. Although slightly below ideal 0.90, also Normed Fit Index (NFI) values of 0.755 and 0.753 are typically regarded as acceptable in PLS-SEM exploratory studies. In general, it is determined that the structural model fits the data satisfactorily.

Table 11. Model fit

	Saturated model	Estimated model
SRMR	0.061	0.067
D ULS	3.049	3.641
D G	1.84	1.87
Chi-square	877.443	882.884
NFI	0.755	0.753

4.5 Structural model

Significant correlations between the study variables are shown by the structural model results presented in Table 12. Sustainable HRM has a substantial indirect effect on organizational performance ($\beta = 0.363$, $t = 4.528$, $p < 0.05$), indicating that the mediating variables contribute to this effect. Significant indirect impacts are found for knowledge management ($\beta = 0.093$, $p < 0.05$), human capital ($\beta = 0.068$, $p < 0.05$), employee well-being ($\beta = 0.119$, $p < 0.05$), and employee engagement ($\beta = 0.083$, $p < 0.05$). The overall effects indicate that employee engagement ($\beta = 0.136$, $p < 0.05$), employee well-being ($\beta = 0.187$, $p < 0.05$), human capital ($\beta = 0.112$, $p < 0.05$), and knowledge management ($\beta = 0.160$, $p < 0.05$) all have a favorable impact on organizational performance. Additionally, Sustainable HRM has a significant impact on human capital ($\beta = 0.608$, $p < 0.05$), knowledge management ($\beta = 0.582$, $p < 0.05$), employee engagement ($\beta = 0.615$, $p < 0.05$),

employee well-being ($\beta = 0.638$, $p < 0.05$), and organizational performance ($\beta = 0.765$, $p < 0.05$). Overall, the findings confirm the hypotheses put forth and emphasize how crucial these organizational factors are as mediators.

Table 12. Hypothesis testing and total effects between constructs

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Employee engagement -> Organizational performance	0.136	0.141	0.061	2.217	0.014
Employee well-being -> Organizational performance	0.187	0.182	0.08	2.335	0.010
Human capital -> Organizational performance	0.112	0.11	0.063	1.76	0.040
Knowledge management -> Organizational performance	0.16	0.159	0.068	2.366	0.009
Sustainable HRM -> Employee engagement	0.615	0.62	0.058	10.598	0.000
Sustainable HRM -> Employee well-being	0.638	0.641	0.058	11.015	0.000
Sustainable HRM -> Human capital	0.608	0.61	0.054	11.169	0.000
Sustainable HRM -> Knowledge management	0.582	0.591	0.067	8.717	0.000
Sustainable HRM -> Organizational performance	0.765	0.767	0.039	19.767	0.000

According to the structural model findings as shown in Figure 3, organizational performance is positively impacted by sustainable HRM across a range of mediating factors. With specific mediation effects through knowledge management ($\beta = 0.093$, $p < 0.05$), human capital ($\beta = 0.068$, $p < 0.05$), employee engagement ($\beta = 0.083$, $p < 0.05$), and employee well-being ($\beta = 0.119$, $p < 0.05$), sustainable HRM has a significant indirect impact on organizational performance ($\beta = 0.363$, $p < 0.05$). Additionally, it is shown that knowledge management ($\beta = 0.160$, $p < 0.05$), human capital ($\beta = 0.112$, $p < 0.05$), employee engagement ($\beta = 0.136$, $p < 0.05$), and employee well-being ($\beta = 0.187$, $p < 0.05$) all positively affect organizational performance. Overall, the findings support the suggested theories and highlight the mediating function of these variables.

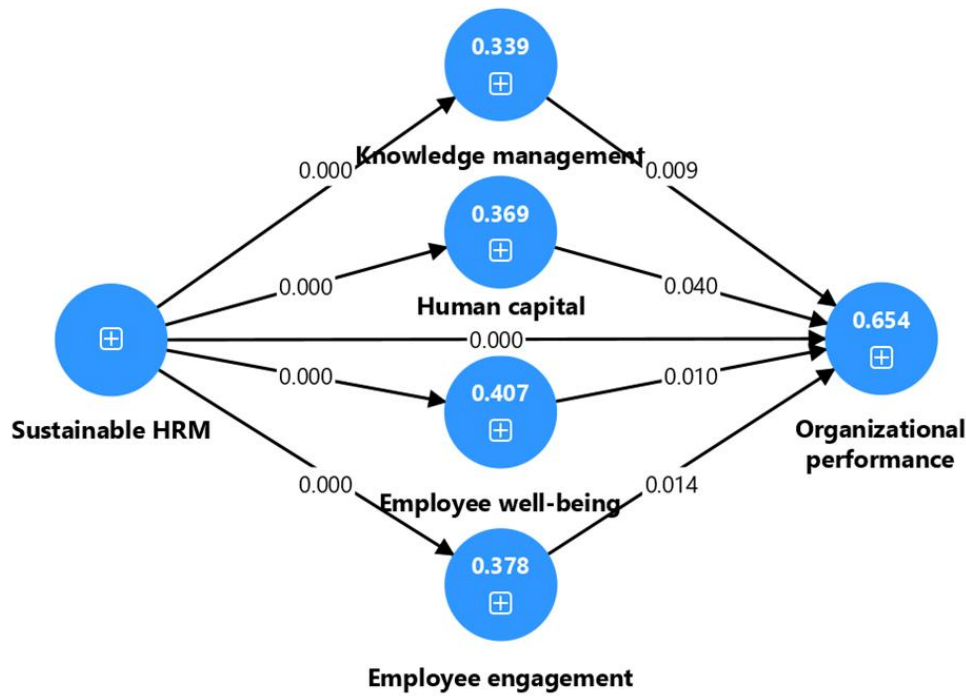


Figure 3 Structural model for mediation and moderation effects

5. DISCUSSION

The results of this study demonstrate how important sustainable HRM is to improving organizational performance, which is mediated by factors like human capital, knowledge management, employee engagement, and well-being. The results of the study demonstrate how sustainable HRM practices enhance an organization's long-term survival by integrating environmental, social, and economic goals. Organizations that emphasize sustainable practices report up to 20% higher adaptability and profitability, according to recent empirical study by Ren et al., [2] and Yuswardi et al., [3]. This shows how sustainable HRM may promote resilience in the face of turbulence. Therefore, H1, which states that sustainable HRM significantly influences organizational performance ($p < 0.05$), is accepted. The mediating effects shed more light on how sustainable HRM contributes to performance improvements. The resource-based perspective (Barney, 1991) is supported by human capital mediation, which holds that productivity and innovation are fueled by improved skills and competencies ($p < 0.05$). This is supported by Akbar et al. [5], who discover that sustainable HRM training investments increase the value of human capital by 15–25%, especially in knowledge-intensive industries. Additionally, Jocelyne and Kariuki [22] and Aman-Ullah et al., [23] demonstrated that organizational performance and human capital are significantly positively correlated. According to Albloush et al. [24], human capital acts as a mediator in the interaction between HRM practices and organizational performance. Thus, it is acknowledged that H2: The relationship between sustainable HRM and organizational performance is mediated by human capital, is accepted. In line with the results of Abu-Mahfouz et al. [13], knowledge management also emphasizes the function of collaborative learning settings as a mediator ($p < 0.05$). Abu-Mahfouz et al. [13] found that sustainable HRM-enabled knowledge sharing increases decision-making efficiency by 18%. According to a study by Yuswardi et al. [3], knowledge management is greatly improved by sustainable HRM practices. Manufacturing companies are urged to concentrate on creating long-term HRM strategies, such as knowledge-sharing programs and a supportive workplace culture. Implementing such tactics will improve long-term organizational performance, employee engagement, and creativity. This leads to the acceptance of hypothesis H3: The association between sustainable HRM and organizational performance is mediated by knowledge management. Employee well-being ($p < 0.05$) and engagement ($p < 0.05$) both serve as powerful mediators, with well-being promoting psychological resilience and engagement promoting commitment. Work-life balance and other sustainable HRM activities, according to Harshitha and Senthil [7] and Mohanty et al. [11], reduce turnover by 12% and raise engagement scores, leading to measurable performance results. Similarly, Katkar et al. [10] found that HR procedures had a significant impact on both corporate success

and employee well-being. Hence, hypotheses H4: The relationship between sustainable HRM and organizational performance mediated by employee well-being, and H5: The relationship between sustainable HRM and organizational performance mediated by employee engagement, are accepted.

6. CONCLUSION

The impact of sustainable HRM on organizational performance is examined in this study, with an emphasis on the mediating roles of knowledge management, employee engagement, well-being, and human capital. The findings demonstrate that sustainable HRM both directly and indirectly enhances organizational performance through these mediators. Companies that use sustainable HR practices, such as ongoing training, information sharing, and supportive work environments, usually see better employee outcomes and higher productivity. This study adds to the body of knowledge on sustainable HRM by providing empirical evidence that employee capacities and well-being are critical to turning sustainable HR practices into organizational success. Despite its insights, the study has limitations, including a cross-sectional survey methodology that restricts claims of causal links, potential response bias from self-reported data, and context-specific outcomes that might not be generally applicable. Future research should consider additional factors like as organizational culture, technology innovation, and leadership styles. Longitudinal designs may also be used to study causal impacts over time. The impact of sustainable HRM on organizational performance could also be better understood through cross-industry and cross-regional comparative studies.

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