

Impact of Sustainable HR Practices on Employee Satisfaction: A Study of Employee Perceptions in Indian Organizations

Shrawan Pandey¹, Rachana Pandey²

¹ Department of Management, Bhilai Institute of Technology, Durg, India.

Email: Shrawan.pandey@bitdurg.ac.in

² Confluence College, Rajnandgaon.

Email: drachana786@gmail.com

Abstract: Organizations are increasingly embedding sustainability principles — environmental responsibility, employee well-being, and long-term human capital development — into their human resource (HR) function. This study examines the extent to which employees' perceptions of sustainable HR practices (work-life balance support, green/environmental HR initiatives, employee well-being and development programmes, and long-term career sustainability) are associated with their overall job satisfaction, and whether this relationship differs across organizational sectors.

A descriptive, cross-sectional research design was adopted, using a structured questionnaire administered to full-time employees across manufacturing and IT/services sector organizations in India (N = 300). Data were analysed using percentage analysis, mean and standard deviation, Cronbach's Alpha, Pearson correlation, and independent-samples t-tests, as appropriate.

Employee satisfaction was significantly higher among IT/services sector employees than manufacturing sector employees ($t = 4.15$, $p < 0.001$). Perceived sustainable HR practices correlated positively and moderately with employee satisfaction ($r = 0.63$, $p < 0.001$) and with organizational commitment ($r = 0.57$, $p < 0.001$). All four hypotheses were supported.

The results point to three priorities for organizations seeking to strengthen employee satisfaction through sustainable HR practices: institutionalising work-life balance and well-being programmes rather than treating them as ad hoc benefits, communicating sustainability-linked HR initiatives clearly to employees, and tailoring the pace and depth of implementation to sector-specific working conditions.

Much of the existing empirical evidence on sustainable human resource management (SHRM) and employee outcomes is drawn from Western and East Asian organizational settings. Comparatively little sector-comparative survey evidence exists from Indian manufacturing and services organizations, which is the gap this paper addresses.

Keywords: sustainable HRM, green HR practices, employee satisfaction, work-life balance, employee well-being, organizational commitment, India

1. Introduction

Sustainability has shifted from the periphery of business strategy to the center of how many organizations view their workforce. Sustainable human resource management (SHRM) goes beyond traditional HR functions like recruitment, compensation, performance management, and development by explicitly weighing their long-term impact on employee well-being, social equity, and environmental responsibility, rather than optimizing HR practices based solely on short-term productivity or cost. In practice, this manifests itself as flexible and family-friendly work arrangements, structured well-being and mental-health support, ongoing and long-term career development, inclusive workplace policies, and, increasingly, green HR initiatives like paperless processes, sustainability training, and environmentally conscious workplace design.



The attractiveness of sustainable HR practices to companies is simple: a staff that perceives its employer as truly interested in its long-term well-being is predicted to be more content, engaged, and less likely to quit. Employee happiness, in turn, is one of the most extensively researched outcomes in organizational behavior due to its linkages to retention, discretionary effort, and customer-facing performance. However, the empirical picture linking sustainable HR practices to employee satisfaction is still emerging, and much of it is concentrated in single-country or single-industry samples, with the wellness-oriented and green HR strands of the literature frequently studied separately rather than as a combined construct.

This question is especially relevant given India's economic situation. Its manufacturing sector continues to use more traditional, compliance-driven HR strategies, whereas its IT and services sectors have been early adopters of flexible work, organized well-being programs, and employer branding centered on employee experience. Whether employees in these two cultures perceive and respond differently to sustainable HR practices is thus a practical concern for Indian businesses, as well as a relevant comparative test of the larger SHRM-satisfaction relationship. This study asks employees directly to see how strongly perceived sustainable HR practices are related to job satisfaction, if that relationship varies by industry, and how organizational commitment ties in with satisfaction as a related result.

2. Review of Literature

Foundational work on sustainable HRM argues that HR strategies built around employee needs—rather than efficiency alone—tend to produce stronger organizational engagement and job satisfaction, because employees interpret such practices as a signal that the organization values them beyond their immediate output. (Jackson & Seo, 2010).

Evidence from individual practices backs up this broader argument. Flexible work arrangements and work-life balance policies have been linked to improved job satisfaction and lower reported stress among employees, especially when the arrangements are truly useable rather than notional. (De Sivatte et al., 2015). Complementary research on workplace culture reveals that HR strategies that actively support employee health and psychological safety can reduce stress while increasing overall productivity, bolstering the case for considering well-being as a sustainability issue rather than a side benefit.

A different but related body of research has looked into green human resource management (GHRM), the environmental component of sustainable HR, and its relationship to employee outcomes in service environments. Work in the hospitality sector has linked GHRM practices to improved employee satisfaction, implying that environmentally focused HR efforts hold motivating value for employees regardless of their ecological impact (Bhatti et al., 2022). At the organizational level, sustainable HRM has also been linked to employee resilience and work engagement, with resilience shown to carry forward into stronger employee performance, indicating that the benefits of sustainable HR practices may compound across multiple employee outcomes rather than just affecting satisfaction. (Lu et al., 2023).

Cross-national survey research has taken a broader, multi-factor view of the SHRM-satisfaction relationship, examining how workplace well-being, employee development, employee retention practices, and work engagement jointly relate to overall employee satisfaction, and has generally found supportive associations across these factors, though the strength of individual relationships varies by context and by which practices are actually implemented rather than merely stated as Broader summaries of the sustainable HRM literature likewise conclude that HR practices oriented around employee wellness — work-life balance, inclusive environments, and meaningful work — support morale and productivity, with the effect said to be especially important in resource-constrained organizational settings such as small and medium enterprises, where burnout risk is higher and formal support structures are often thinner. (Macke & Genari, 2019).

Taken together, the literature converges on a positive relationship between sustainable HR practices and employee satisfaction, but it remains fragmented across the well-being, green HR, and engagement/retention strands, and is drawn overwhelmingly from Western, East Asian, and single-sector samples. Comparatively little sector-comparative survey evidence exists from Indian organizations spanning both manufacturing and services. Accordingly, the present study examines how strongly Indian employees' perceptions of sustainable HR practices relate to their job satisfaction and organizational commitment, and whether this relationship differs between the manufacturing and IT/services sectors.

3. Objectives of the Study

- To assess employees' perceptions of the extent of adoption of sustainable HR practices in their organizations.

- To examine the relationship between perceived sustainable HR practices and employee satisfaction.
- To compare employee satisfaction and perceived sustainable HR practices between manufacturing and IT/services sector organizations.
- To recommend measures for strengthening employee satisfaction through sustainable HR practices.

4. Research Methodology

4.1 Research Design

A descriptive and comparative research design was adopted, based on primary survey data.

4.2 Sample

- Target respondents: Full-time employees across functional levels
- Final sample size: 300 respondents (130 from manufacturing sector organizations; 170 from IT/services sector organizations)
- Sampling technique: Convenience / purposive sampling used across manufacturing and IT/services sector organizations

4.3 Sources of Data

- Primary Data: Structured questionnaire (five-point Likert scale) — see Appendix A
- Secondary Data: Peer-reviewed journals, HR practitioner reports, and organizational policy documents

4.4 Statistical Tools Used

- Percentage analysis and descriptive statistics
- Cronbach's Alpha (scale reliability)
- Pearson correlation
- Independent-samples t-test

4.5 Variables

Independent variables: Perceived sustainable HR practices (work-life balance support, well-being and development programmes, green/environmental HR initiatives), organizational sector (manufacturing/IT-services), tenure with organization.

Dependent variables: Employee satisfaction, organizational commitment.

4.6 Hypotheses

- H_{01} : There is no significant relationship between perceived sustainable HR practices and employee satisfaction.
- H_{02} : There is no significant difference in employee satisfaction between manufacturing and IT/services sector employees.

4.7 Scope and Limitations

The study was limited to employees accessible through convenience sampling across two broad sectors and may not represent the full diversity of Indian industry. Findings reflect employee perceptions rather than organizational audit data on actual HR practice implementation.

5. Results and Discussion

In all, 300 valid responses came in from employees, split between manufacturing sector ($n = 130$) and IT/services sector ($n = 170$) organizations across India. The reliability analysis, descriptive statistics, and hypothesis-testing results follow below.

5.1 Reliability Analysis

Scale	No. of Items	Cronbach's Alpha
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Sustainable HR Practices & Employee Satisfaction Perception	12	0.879
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5.2 Descriptive Statistics — Employee Satisfaction by Sector

Sector	N	Mean	Std. Deviation
Manufacturing Sector	130	3.62	0.70
IT/Services Sector	170	3.94	0.58
Total	300	3.80	0.65

Interpretation: IT/services sector employees reported somewhat higher overall job satisfaction than their manufacturing sector counterparts.

5.3 Hypothesis Testing

An independent-samples t-test was used to check whether employee satisfaction differs between manufacturing and IT/services sector organizations. Pearson's correlation analysis was then run to examine the relationship between perceived sustainable HR practices and employee satisfaction.

Table 5.3 Independent Samples t-Test

Variable	Manufacturing (Mean ± SD)	IT/Services (Mean ± SD)	t- value	p- value	Decision
Employee Satisfaction	3.62 ± 0.70	3.94 ± 0.58	4.15	0.000	Significant

Interpretation: The t-test showed a statistically significant difference between manufacturing and IT/services sector employees on overall employee satisfaction ($t = 4.15$, $p < 0.001$), with IT/services sector employees reporting higher satisfaction. On this basis, the null hypothesis (H_{02}) is rejected.

Table 5.4 Pearson Correlation Analysis

Variables	Pearson's r	p- value	Interpretation
Sustainable HR Practices ↔ Employee Satisfaction	0.63	<0.001	Moderate Positive Correlation
Sustainable HR Practices ↔ Organizational Commitment	0.57	<0.001	Moderate Positive Correlation
Work-Life Balance Support ↔ Employee Satisfaction	0.55	<0.001	Moderate Positive Correlation

Interpretation: The correlation analysis points to a moderate positive relationship between perceived sustainable HR practices and employee satisfaction ($r = 0.63$, $p < 0.001$), and a similarly moderate positive relationship with organizational commitment ($r = 0.57$, $p < 0.001$): employees who perceive greater adoption of sustainable HR practices report higher satisfaction and stronger commitment to their organization. On this basis, the null hypothesis (H_{01}) is rejected in favour of H_{11} .

Hypothesis Summary

Hypothesis	Statement	Result
H1	Perceived sustainable HR practices are significantly related to employee satisfaction.	Supported
H2	Employee satisfaction differs significantly between manufacturing and IT/services sector employees.	Supported

H3	Perceived sustainable HR practices are positively associated with organizational commitment.	Supported
H4	Work-life balance support is positively associated with employee satisfaction.	Supported

6. Managerial Implications

When combined with existing literature, the findings suggest three practical implications for organizations seeking to strengthen employee satisfaction through sustainable HR practices: treating work-life balance and well-being programs as core, consistently used HR infrastructure rather than occasional benefits; clearly communicating sustainability-linked HR initiatives so employees are aware of and can access them; and pacing implementation to sector-specific re The sector gap in satisfaction also suggests something more specific: manufacturing organizations, which typically operate under more stringent scheduling and compliance constraints, may require targeted investment in employee well-being and development programs before closing the satisfaction gap with their service-sector peers.

7. Limitations of the Study

- Findings are based on employee perception data rather than organizational audit evidence of actual HR practice implementation.
- Convenience sampling may limit generalizability across Indian industry sectors.
- Self-reported data may be subject to social desirability bias, particularly on satisfaction and commitment items.

8. Scope for Future Research

- Future studies could pair employee perception surveys with organizational-level audits of sustainable HR practice implementation.
- Sector-specific and practice-specific studies (green HR vs. well-being programmes; manufacturing vs. IT/services vs. public sector) could reveal differentiated satisfaction patterns.
- Longitudinal research tracking employee satisfaction as sustainable HR practices mature over time could clarify causal direction, which this cross-sectional design cannot establish.

9. Conclusion

This study contributes to the increasing sustainable HRM literature by investigating how employees' views of sustainable HR practices relate to job satisfaction and organizational commitment in a sector-comparative Indian scenario, where empirical evidence is lacking. According to the findings, perceived adoption of sustainable HR practices increases employee satisfaction and organizational engagement, with IT/services personnel reporting much better satisfaction than their manufacturing sector counterparts. Collectively, these findings suggest that organizations seeking to improve employee satisfaction should treat sustainable HR practices, particularly work-life balance support and well-being programs, as core, consistently delivered HR infrastructure that is clearly communicated to employees and adapted to the operational realities of their industry.

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