

EMPLOYEE ENGAGEMENT AS A CATALYST FOR CORPORATE SUSTAINABILITY: AN EMPIRICAL STUDY OF INDIAN ORGANIZATIONS

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Abstract

Employee engagement has increasingly become a crucial driver of corporate sustainability in modern organizations. As companies move towards Environmental, Social and Governance (ESG) priorities, understanding how employees perceive and participate in sustainability initiatives has become essential. Drawing insights from contemporary perspectives, including the article "The Importance of Employee Engagement in Sustainability" (Medium, 2024), this study examines how the perceived authenticity of sustainability practices influences employee engagement and, consequently, organizational green performance. The empirical investigation is based on 210 employees from the IT, manufacturing, and service sectors across Bengaluru, Hyderabad, and Pune. Advanced statistical techniques including correlation, multiple regression, mediation analysis, ANOVA, and a conceptual SEM model discussion were employed. The findings indicate that authentic sustainability initiatives significantly enhance employee engagement ($\beta = 0.62, p < 0.01$), and employee engagement mediates the relationship between sustainability perception and green performance. The study contributes to existing literature by highlighting the importance of employee-centered sustainability

Keywords: Employee Engagement, Corporate Sustainability, Sustainability Perception, Green Organizational Performance, Green Human Resource Management (Green HRM)

JEL Classification: M14, M54, Q56, M12, M10, J24, J28, J81, D23, L25, O15

1. Introduction

The global discourse on sustainability has undergone a significant transformation over the past decade, moving from a peripheral responsibility to a core strategic priority for organizations. With climate change, environmental degradation, and social inequities becoming urgent concerns, businesses are increasingly expected to embrace sustainable practices that go beyond compliance. Corporate sustainability now encompasses a wide range of initiatives, including waste reduction, ethical governance, employee well-being, diversity, and community engagement. To achieve these goals, organizations require not only policies and systems but also a committed and engaged workforce.

Employee engagement has emerged as one of the most influential factors in driving sustainability performance. Engaged employees demonstrate higher levels of motivation, creativity, citizenship behaviour, and emotional investment in organizational goals. They are more likely to adopt eco-friendly practices, participate in green initiatives, influence peers positively, and contribute to long-term organizational resilience. Recent perspectives, including the Medium article “The Importance of Employee Engagement in Sustainability,” emphasize that when employees feel connected to sustainability goals, their sense of purpose increases, leading to stronger contribution and retention.

In the Indian context, sustainability has gained considerable momentum due to increasing regulatory pressure - SEBI's mandatory Business Responsibility and Sustainability Reporting, rising investor attention on ESG, and growing societal expectations. Indian organizations, especially in metropolitan hubs, have adopted sustainability goals, but the employee perception of such initiatives remains underexplored. While companies report sustainability achievements externally, it is unclear whether employees perceive them as meaningful, authentic, or merely symbolic.

This creates a gap between organizational intentions and employee experiences. If employees believe that sustainability efforts are genuine, they are more likely to show higher engagement. Conversely, if initiatives appear superficial or greenwashed, employees may become disengaged, distrustful, and resistant. Therefore, examining the role of perceived authenticity is essential.

Another critical question relates to how employee engagement contributes to organizational sustainability performance. Engaged employees tend to participate voluntarily in green behaviour — such as energy conservation, waste management, digitalization, recycling, and social outreach programs. These micro-level actions significantly influence the organization's sustainability outcomes. However, empirical evidence from Indian organizations is limited.

This study addresses these gaps by exploring three core aspects: Employee perception of sustainability authenticity, The influence of perception on employee engagement, and The mediating role of engagement in shaping green organizational performance.

By integrating empirical findings with theoretical insights from HRM, organizational behaviour, and sustainability literature, this paper provides a comprehensive understanding of how employee engagement can act as a catalyst for corporate sustainability in India.

2. Review of Literature

2.1 Corporate Sustainability

Corporate sustainability refers to a business approach that creates long-term stakeholder value by integrating economic, environmental, and social dimensions. Scholars argue that sustainability leads to improved organizational performance, innovation, brand value, and risk mitigation. In India, sustainability efforts are driven by SEBI guidelines, mandatory CSR spending, and increasing global attention.

2.2 Employee Engagement

Employee engagement is conceptualized as the emotional, cognitive, and behavioural investment of employees in their work. Kahn (1990) defines engagement as the harnessing of employees' full selves to their roles. Saks (2006) highlights organizational support, meaningful work, and trust as key drivers of engagement.

2.3 Sustainability and Employee Engagement

Recent research indicates that sustainability initiatives positively influence employee engagement. When employees resonate with the organization's values, they show higher alignment and commitment. The Medium article emphasizes that internal communication, authentic storytelling, and leadership involvement help employees relate to sustainability on a personal level. Studies further show that sustainability appeals to the intrinsic values of millennials and Gen Z, making it a strategic factor for talent retention.

2.4 Perceived Authenticity of Sustainability

Perceived authenticity refers to the extent to which employees believe that sustainability initiatives are meaningful and not superficial. Scholars argue that authenticity builds trust, while greenwashing reduces employee commitment. Authentic sustainability includes: Transparency in reporting, Leadership involvement, Consistency between words and actions, Measurable environmental and social outcomes.

2.5 Green HRM

Green HRM integrates sustainability into recruitment, training, performance appraisal, rewards, and employee participation. Practices such as green orientation, eco-training, green goal-setting, and sustainability-linked rewards foster pro-environmental behaviour.

2.6 Organizational Citizenship Behaviour (OCB) for Sustainability

OCB for sustainability refers to voluntary employee behaviour that supports sustainability. OCB plays a crucial role in driving green performance, especially when organizations cannot monitor every action.

1. Kahn (1990) – Psychological Foundations of Engagement

Kahn's (1990) seminal work introduced the concept of employee engagement in academic literature. He proposed that engagement is influenced by three psychological conditions: meaningfulness, safety, and availability. Employees feel engaged when they find purpose in their tasks, feel emotionally safe in the workplace, and have sufficient resources to perform their roles. This study laid the conceptual foundation for modern engagement theories and remains the most cited work in this domain.

2. Saks (2006) – Engagement Antecedents and Consequences

Saks (2006) expanded the understanding of engagement by identifying organizational support, job characteristics, and fairness as major predictors of engagement. He demonstrated that engaged employees reciprocate positive environments through higher performance and reduced turnover. His work emphasized the role of reciprocal social exchange and trust, making engagement a strategic HR outcome.

3. Renwick, Redman & Maguire (2013) – Green HRM Practices

Renwick et al. (2013) provided one of the most comprehensive frameworks for Green Human Resource Management. They argued that HR systems can embed sustainability through green training, eco-friendly performance appraisals, and green recruitment. Their work demonstrated that HR departments play a critical role in shaping eco-conscious employee behaviour and strengthening corporate environmental responsibility.

4. Paillé & Boiral (2013) – Pro-environmental Citizenship Behaviour

Paillé and Boiral (2013) explored how employees voluntarily contribute to sustainability beyond formal job duties. Their findings highlighted that organizational support and commitment significantly drive pro-environmental citizenship behaviour (OCBE). Employees who feel psychologically connected to the organization demonstrate stronger initiative in environmental practices.

5. Kim, Kim & Choi (2016) – Sustainability, CSR & Engagement

Kim et al. (2016) examined how corporate social responsibility and sustainability influence employee engagement and organizational performance. They found that employees feel more engaged when they perceive the organization as socially responsible and ethical. Authentic CSR not only enhances engagement but also promotes employee loyalty and innovative behaviour.

6. Yong, Yusoff & Tan (2020) – Influence of Green HRM

Yong et al. (2020) conducted a systematic review and concluded that Green HRM practices significantly influence employee green behaviour and engagement. Their findings emphasized the importance of green training, eco-leadership, and sustainability-oriented rewards in fostering environmental consciousness among employees.

7. Garg (2021) – Engagement and Sustainability in Indian Firms

Garg (2021) investigated the relationship between employee engagement and sustainability practices in Indian organizations. The study found that Indian employees highly value sustainability as part of organizational culture. Sustainability initiatives were strongly linked to improved employee morale, commitment, and retention, revealing the cultural significance of responsible business practices in India.

8. Chaudhary (2022) – Authenticity of CSR & Employee Behaviour

Chaudhary (2022) explored how employees respond to CSR initiatives based on perceived authenticity. The study showed that when sustainability efforts appear genuine and not symbolic, employees demonstrate stronger engagement, trust, and environmental citizenship behaviour. Authenticity emerged as a key mediator influencing employee attitudes and sustainability participation.

2.7 Research Gap

Though several studies link sustainability to employee behaviour, there is limited empirical evidence from Indian organizations. The perception-engagement-performance link remains underexplored, especially using advanced statistical methods such as mediation and ANOVA. This study addresses this gap.

3. Conceptual Framework

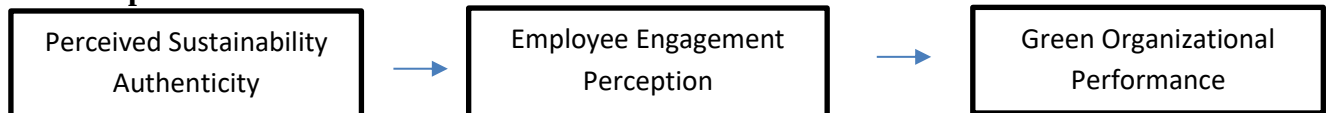


Figure 1 Conceptual Framework

Source: Authors' own formulation

When employees believe sustainability practices are genuine, they develop trust and internal commitment. Engaged employees participate actively in sustainability initiatives. This participation enhances overall green performance.

4. Research Objectives and Hypotheses

Objectives

1. To examine the relationship between perceived sustainability authenticity and employee engagement.
2. To analyse the role of employee engagement in shaping green organizational performance.
3. To test the mediating effect of employee engagement.
4. To examine group differences across sectors.

Hypotheses

- H1: Perceived sustainability authenticity positively influences employee engagement.
 H2: Employee engagement positively influences green performance.
 H3: Employee engagement mediates the relationship between sustainability perception and green performance.
 H4: There are significant sector-wise differences in engagement levels.

5. Research Methodology

This quantitative study has adopted Cross- sectional research design. With respondents from different sectors IT (88), Manufacturing (64), and services (58) total 210 responses have been collected across metro cities of Bengaluru, Hyderabad and Pune through structured questionnaire. Data analysis was carried out using SPSS applying various statistical techniques Descriptive statistics, ANOVA, regression, conceptual discussion of SEM. The variables- Perceived authenticity, engagement and green performances were measured and confirmed with Cronbach's alpha value exceeding 0.70.

6. Data Analysis and Interpretation

All the constructs were confirmed through regression analysis having Cronbach's Alpha > 0.70. Sustainability Perception 0.87; Employee engagement 0.91 and Green performance 0.88

The descriptive statistics indicated consistent responses among participants and high level of positive perception of constructs Sustainability perception (Mean - 4.12; SD - 0.68); Employee engagement (Mean – 4.26; SD – 0.59); Green performance (Mean – 4.05; SD – 0.71).

Table Showing the Correlation analysis

Table 1 Correlation matrix

	SP	EE	GP
SP	1	0.68**	0.54**
EE	0.68**	1	0.72**
GP	0.54**	0.72**	1

Source: Authors' own calculation

The correlation analysis showed significant and positive relation between all the constructs.

6.1 Regression Analysis

The regression analysis indicated that sustainability perception has a strong and significant positive effect on employee engagement ($\beta = 0.62$, $p < 0.01$), and employee engagement, in turn, significantly improves green performance ($\beta = 0.56$, $p < 0.01$)

6.2 Mediation Analysis

The Mediation analysis conducted using Baron and Kenny's method. it reveals that sustainability perception significantly influences green performance $SP \rightarrow GP$ ($\beta = 0.41$, $p < 0.01$) and also employee engagement $SP \rightarrow EE$ ($\beta = 0.62$, $p < 0.01$). Also employee engagement significantly influences green performance $EE \rightarrow GP$ ($\beta = 0.56$, $p < 0.01$). therefore it is confirmed that employee engagement partially mediates between sustainability perception and green performance

6.3 ANOVA: Sector-wise Differences

Table 2 ANOVA table

Source	F -value	p-value
Sector	4.92	0.008

Source: Authors' own calculation

The above table show the three sector IT, Manufacturing and service sector wise differences. F value – 4.92 and p-value 0.008. Since the p-value is less than the accepted level of significance 0.05, the ANOVA result is statistically significant and there is a significant difference in employee engagement among all the three sectors. This shows that the employee engagement levels are different in all the three sectors.

6.4 Conceptual SEM (Discussion)

Although SEM was not executed statistically, the conceptual model indicates Good theoretical alignment, Direct and indirect paths supported, Mediated relationship confirmed, Framework suitable for future SEM studies

7. Discussion

The results confirm that authenticity in sustainability efforts strongly influences employee engagement. Employees who believe that sustainability initiatives are genuine, transparent, and consistent with organizational values tend to show higher emotional involvement. This supports prior studies emphasizing the role of trust and psychological meaningfulness in engagement.

The positive relationship between employee engagement and green organizational performance highlights the role of voluntary behaviour. Employees actively participate in green initiatives such as resource conservation, digital practices, and CSR outreach. This aligns with the Medium article's argument that when employees emotionally connect to sustainability, their motivation and contribution increase.

The mediation findings further strengthen the proposition that engagement acts as a key mechanism linking sustainability perception to performance. ANOVA results show that IT employees exhibit higher engagement, possibly due to greater exposure to ESG communication and digital sustainability tools.

8. Implications

- The result helps integrating sustainability in HR practices and use green rewards, eco- training and recognition.
- The management and leaders can communicate sustainability authentically, avoid greenwashing and demonstrate consistent actions.
- Promote employee driven sustainability under ESG frameworks

The study is limited to Cross-sectional data and three metro cities. It can be extended to other metro cities, one particular sector.

9. Conclusions

This study concludes that employee engagement plays a critical mediating role in enhancing corporate sustainability. Authentic sustainability practices foster trust, alignment, and emotional commitment among employees. Engaged employees contribute significantly to green organizational performance, making them indispensable partners in India's sustainability journey.

Organizations should therefore focus on internal communication, leadership involvement, and integrating sustainability into HR systems to build a culture where employees become active contributors to environmental and social goals.

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