

Original Research

Enhancing financial performance through sustainable HRM practices: The role of employee satisfaction and corporate reputation

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Abstract

Sustainable human resource management (SHRM) has emerged as a critical strategy for enhancing organizational performance by fostering employee well-being and corporate reputation. This research investigates the influence of sustainable human resource management (SHRM) practices on employee happiness, company reputation, and business performance, with a particular emphasis on Bangladesh's banking industry. Data from 201 frontline employees (FLEs) at 20 private commercial banks (PCBs) was analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). Results show that SHRM practices improve employee satisfaction ($\beta=0.360$, $P<0.01$) and corporate reputation ($\beta=0.261$, $P<0.01$), leading to improved financial performance. Work-life balance, reasonable HR practices, and possibilities for advancement are all important motivators. The study uses PLS-SEM because it is effective at assessing complicated associations with small to medium-sized samples, providing a thorough investigation of mediating effects. While the findings are specific to the banking sector, they are applicable to other sectors looking to incorporate sustainability into HRM initiatives. Adopting HRM frameworks that prioritize long-term employee well-being, corporate social responsibility, and ethical leadership may help businesses maintain a competitive edge. These findings add to the expanding discussion on sustainable HRM by highlighting its practical advantages to corporate performance. Future study might look at cross-industry comparisons or expand the analysis outside Bangladesh to offer a more comprehensive view.

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1. Introduction

In Human resource management, sustainability is used, to refer to human resources, which foster a conducive working environment and positive human and social outcomes without focusing on financial strategies and results (Griep *et al.*, 2024). Sustainable human resource management (SHRM) is becoming increasingly important, as demonstrated by leading scholars in this field of study (Sypniewska *et al.*, 2023). There has been debate around corporate sustainability for some time, but its application to HRM and the necessary transition from short-term financial returns to long-term business success, along with its global environmental and financial impacts and more recent social concerns.

In the past, the debate on HRM sustainability has focused on major concerns such as adopting a sustainability-oriented organizational culture or HRM practices that support and promote sustainability initiatives on environmental management (Lee and Eissenstat, 2018). It focuses on the ability of businesses to create organizational value and regenerate wealth through the application of HRM strategies and practices by investing in human knowledge through learning. Continually practice and develop that knowledge through employee engagement and involvement.

Technological developments, competition and globalization have caused dramatic changes within and between organizations, altering the framework conditions for HRM strategy and decision making

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(Sypniewska *et al.*, 2023). The importance of the HRM function in creating sustainability-oriented changes in organizations through its impact on the design and implementation of sustainable practices (Guerci and Pedrini, 2014). It's role in meeting the needs of multiple stakeholders, and ultimately, the personnel strain between short-term actors and long-term effects.

The challenges facing modern organizations are manifold. Dynamic changes in market, economic, demographic, social, technological and environmental processes occurring in communities and organizations combined with increasing demand for highly skilled employee expertise is closely related to the profession they practice in but also mainly represents the types of expectations, behavior and declare specific values. The degree to which employees identify with the values of a given organization has a significant impact on their level of engagement and loyalty, and thus, on their success in the marketplace (Griep *et al.*, 2024).

In a period of rising global competitiveness, firms are realizing the value of SHRM in driving long-term commercial success. SHRM goes beyond typical HRM and incorporates economic, social, and environmental factors into workforce management. While previous research has highlighted the benefits of sustainable HRM practices, there is still a dearth of empirical data tying SHRM to company performance, particularly in emerging economies such as Bangladesh. The financial industry, particularly banking, is critical to economic stability and growth; nevertheless, few studies have investigated how sustainable HRM practices affect employee happiness, business reputation, and financial success in this area. Bangladesh's banking business faces fierce competition, rapid technology breakthroughs, and changing regulatory frameworks, demanding human resource policies that improve employee well-being, corporate reputation, and overall performance. However,

many banks continue to focus short-term profitability indicators above long-term labor strategy. This study seeks to address this research gap by investigating how SHRM practices influence business performance via the mediating functions of employee happiness and corporate reputation. This study gives useful insights into bank human capital performance by concentrating on frontline workers (FLEs), who directly contact with customers and impact service experiences (Weber and Chowdury, 2020).

To address this, the study uses Partial Least Squares Structural Equation Modeling (PLS-SEM) to evaluate data from 201 FLEs at 20 Bangladeshi private commercial banks (PCBs). The findings will assist both academics and practitioners in understanding how sustainable HRM may drive organizational performance beyond financial measurements, as well as practical recommendations for banking-specific HR policy change. This study adds to the literature by finding a clear correlation between SHRM and corporate success in an emerging market scenario. It also provides banking institutions with practical insights into improving business reputation and financial performance through sustainable personnel management. It is very important that managers responsible for employee performance know the reasons that affect their job satisfaction in order to move the organization towards the future and continuous growth. The participation of employees in the development of the organization, the achievement or dissatisfaction of loyalty depends on the people who make up the organization (Gupta *et al.*, 2020).

It is impossible to imitate or improve the level of work in a short time, which has become one of the most important factors of the competition between enterprises with the globalization process. To efficiently use its resources and achieve efficient and profitable production. They need human resources with a sense of loyalty, productivity, high motivation and job satisfaction. The corporate social responsibility is not a panacea to cure all ills of society, but he sees it as a welcome development that should be encouraged and supported. This author, without taking into account the consequences of corporate social actions on financial performance, shows that corporate social responsibility refers to the obligation of firms to pursue this policy and follow the desired course of action in terms of the goals and values of our society. The most prominent objection to corporate social responsibility is the classical economic argument put forward by Milton Friedman. The corporate social responsibility is to make money for its shareholders, viewing social responsibility as a subversive doctrine that threatens the foundations of free corporate society. This author opposes the idea of social responsibility on the grounds that it creates an unfair and costly burden on shareholders. The economic and social interests of enterprises, conceding that if it cannot be demonstrated that social responsibility is in line with the interests of shareholders, then corporate social responsibility will corporate associations will always be controversial. Furthermore, in stakeholder theory, the distinction between a company's economic and social goals is no longer relevant, because the central issue is survival (Renwick *et al.*, 2013). The company's survival and survival is influenced not only by shareholders but also by many other stakeholders such as employees, governments and customers. Furthermore, as stated above, we believe that the implementation of social and environmental strategies will be accelerated when leaders realize that these initiatives can help companies achieve their goals. Situation where the company's financial performance as well as society and the environment will benefit. The quality workforce is important to businesses and means work is under the control of more employees. So those companies that can organize their human resources better, trust their employees, transform their business into a home environment, put their customers' wishes first and in short, the companies that Investing in people can be more successful.

We hypothesizes that SHRM practices positively influence employee satisfaction and corporate reputation, and that both employee satisfaction and corporate reputation serve as significant mediators in the relationship between SHRM practices and financial

performance. The objective of this study is to investigate the impact of sustainable human resource management (SHRM) practices on employee satisfaction, corporate reputation, and financial performance within the banking sector in Bangladesh. Through this investigation, the study seeks to contribute to the understanding of the strategic importance of SHRM in enhancing organizational outcomes and promoting long-term sustainability in competitive business environments.

2. Literature review

The SHRM, described as the "adoption of HRM strategies and practices that empower the triumph of financial, social and ecological goals alongside an impact inside and outside of the organization and over a long-term time horizon while controlling for unintended side effects and negative feedback", has emerged as a new approach to the employment relationship and has gained increased significance in the last few decade.

Training, reward and benefits- these three facets of sustainable HRM practices along with organizational empowerment and communication positively related to frontline employees satisfaction (Cho and Choi, 2021). Nonetheless, their study did not show the relationship between FLE's satisfaction and financial performance of the organization. This study only focused on the employees' satisfaction level and customer orientation with the view to sustainable HRM practices. Sustainable HRM is an important area now integrated into corporate sustainability strategies and practices. It contributes to the sustainability of the company. Capabilities in multiple ways, including employee growth and development, improving quality of work life and competitive performance, and building internal capacity for continued success. Change, while facilitating learning and creating the right microeconomic context to increase employment levels (Kwon and Kim, 2020).

Ultimately, a sustainable organization can reach its full potential and add value to its stakeholders. To some extent, the sustainability approach adopted for HRM is a "one-way street" and is truly unique in that it offers a commitment to eliminating costly, short-term HRM practices that cause harm. For employees and their families to proactively implement human resource management measures. Initiatives aimed at developing mutually beneficial and renewable relationships between internal and external stakeholders (Rubel *et al.*, 2021). Another area of concern that has to be investigated is the relationship between business reputation and financial success and sustainable development strategies. Despite the fact that information is widely acknowledged as one of an organization's most significant assets, the majority of businesses lack the support structures required to preserve and maximize the value of knowledge. Organizations cannot afford to take a passive approach to knowledge management in the hopes that employees would learn and apply it, and that the sources of that information will be known and available to all employees (Renwick *et al.*, 2013). Instead, businesses who wanted to keep their competitive edge quickly created mechanisms to capitalize on knowledge's value. So it's simple to understand the huge effect of losing a knowledgeable person. Knowledge and abilities connected to the workplace affect a person's pay, chances for promotion, and/or type of employment. Our notion of seniority stems from Ulrich (1998) definition of intellectual capital, which includes the attachment element. As people realize their commitment to the business and the organizational need to create an atmosphere where employees are willing to stay, sustainable development will become increasingly crucial in the future years.

Some significant contributions to the field of sustainable HRM have been exploratory and conceptual review articles (De Prins *et al.*, 2014; Kramar, 2014; Renwick *et al.*, 2013). Three types of literature on SHRM, 'regenerating capacity', focusing on internal aspects of the HRM strategy such as economic outcomes and the creation of a sustainable competitive advantage; "promoting social and environmental health" analyzes external outcomes such as

environmental or social performance; and "relationships," emphasizing the relationship between human resource management practices and organizational, environmental, social, and financial outcomes (Kramar, 2014). A total of 11 features of sustainable HRM as long-term orientation, care of employees, care of environmental, profitability, employee participation and social dialogue, employee development, external partnership, flexibility, compliance beyond labor regulations, employee cooperation, fairness, and equality (Stankeviciute and Savaneviciene, 2018). All these facets affect the employee satisfaction and loyalty and commitment of the employees.

2.1 Relationship between sustainable development and financial performance

The strategic management success is increasingly dependent on sustainable growth, which must take into account the relationships among diverse stakeholders. Because of these factors, it is important to understand how such methods affect performance management (Griep *et al.*, 2024). As one of the components of the triple perspective of CSR activities (economic, social, and environmental), these arguments reopen a discussion regarding the impact that such sustainable initiatives can have on corporate performance. The association between the variables in this research study has been covered extensively in the literature. However, neither a consensus nor a generalization can be made. There is a lack of consensus for a number of reasons, including holes in the theory, improper variable definitions, gaps in the databases that are currently available, and the absence of control variables like risk, asset age, research and development spending, and the sector to which the company belongs (Caliskan *et al.*, 2011). Several research have gathered empirical proof of the decline in FP as a result of sustainable behaviors (Griep *et al.*, 2024; Caliskan *et al.*, 2011). The benefits of these sustainable practices, according to these authors, are seen as being less beneficial when a company invests resources to CSR activities compared to other, less engaged companies.

2.2 Sustainable development and employee satisfaction

A long-term sustainable organization depends on job satisfaction for a sustainable workplace. Job satisfaction has the ability to, among other things, lower high employee turnover rates, encourage loyalty, and hence have a good effect on sustainable development at the corporate level. Companies see increases in the standard of their customer service and financial performance when turnover is decreased. Beyond the company level, on the regional and destination level, the positive impact of job satisfaction on product and service quality, customer satisfaction, and customer relations has the potential to promote sustainable development by ensuring value creation and a source of economic prosperity for the local population. In addition to reducing employee turnover, analysis of the factors affecting job satisfaction attempts to secure young talent for employment in specific areas (Riana *et al.*, 2020). Less absenteeism, less fluctuation, and lower sickness rates are reported by contented personnel. According to Kong *et al.*, significant determinants of job satisfaction in the hotel sector include elements at the individual, organizational, social, and psychological levels. The main outcomes of job satisfaction, is a strong organizational attachment and intention to stay. In order for workplaces and entire companies to develop sustainably, employee satisfaction is viewed as being particularly crucial. At the strategic level, many strategies for encouraging organizational sustainability are examined. Taking a comprehensive approach to organizational sustainability, "sustainable leadership" is a popular strategy that tries to strike a balance between people, earnings, and the environment to promote company longevity. As a result, the idea of "sustainable leadership" encompasses the triple-bottom-line approach and has a multiplicity of effects on sustainable development, including sociocultural and environmental issues as well as job satisfaction, for example.

2.3 Sustainable development in relationship with corporate reputation

Sustainability and reputation have a direct relationship that can have a favorable impact on brand performance and equity (Mozammel and Haan, 2016). Due to its potential to boost earnings and provide other financial advantages, this forces businesses to view sustainability as a component of their corporate reputation (Johnson *et al.*, 2018). Financial performance is particularly important in this context because, although some businesses are aware of sustainability and reputation issues, their attention is diverted toward maximizing profits (Rahi *et al.*, 2022). Alon and Vidovic (2015) suggested on the other hand, claim that although the association between sustainability and reputation has been postulated, there is scant supporting data. They investigate whether CS can improve corporate reputation as a result. Their findings show that sustainability reputation and performance are favorably correlated. At the same time, this can be examined from the standpoint of careless environmental, social, or economic actions that affect how consumers perceive a company. From this vantage point, businesses can use sustainability to mitigate the negative effects of their destructive operations and activities. Additionally, some authors contend that businesses with a poor image can use sustainability as a (greenwashing) technique to boost credibility and improve their reputation circumstances (Koch and Denner, 2025).

2.4 Corporate reputation and financial performance

The stakeholders' makeup, organization, and level of "activism" varies from one industry to the next. This is caused by pressures that are both internal and external to a given industry, as well as the degree of governmental regulation, responsibilities or obligations to the environment, and employee security requirements. In other words, pressures within an industry are typically uniform, but they differ substantially amongst industries. The same is true for financial success, which can be measured in a variety of ways (Kwon and Kim, 2020). Caliskan *et al.* (2011) concluded that their findings showed no indication of managers favoring the interests of any particular stakeholder group when pursuing their growth ambitions (or short-term profits). In general, the claims of the remaining stakeholders would seem to be more fully satisfied the higher the firm profitability and corporate growth. This validates the necessity of profit sharing as a necessary condition for the firm's success to continue. However, the relationship's lack of statistical significance to show that something other than only financial achievement underlying a good place in reputation rankings. They focused more on the empirical issues with the research.

2.5 Employee satisfaction and financial performance

Current research on the relationship between customer happiness and performance has mostly concentrated on establishing the relationship between overall customer satisfaction measures and firm-level financial indicators (such as Tobin's Q, stock returns, etc.). Third, we look at how customer and employee happiness affect the production process in keeping with recent research that emphasizes the importance of consumer co-production (Griep *et al.*, 2024). Direct and indirect effects of employee happiness on branch-level revenue production are both present. Latent levels of employee satisfaction can modify the factor productivity of the company's immediate actions, which in turn can have an indirect impact on financial performance. Our model's parameters are given structure by the estimation of a simultaneous supply and demand system. Our approach generates parameter estimates that are acceptable from a managerial perspective and explicitly addresses the possibility of endogeneity in the input variables. When we use the term "reasonable," we mean estimations that meet managerial criteria like the algebraic sign of price elasticity or the existence of diminishing marginal returns. When it comes to production functions, suitable parameter values must ensure that the input variables exhibit diminishing returns to scale, enabling the development of an ideal, internal solution to the resource allocation problem.

2.6 Underlying theory

Businesses face increasing pressure to become responsible and green. Several actors put pressure on companies to reduce their negative impact on society and the natural environment. In fact, social responsibility in general and environmental management in particular are becoming an integral part of business activities. In this regard, an important question is the relationship between these aspects and financial performance. However, from a purely ethical and sustainability-oriented perspective, the document argues that although there is not necessarily a positive association between social responsibility and financial performance, from the perspective of society, companies should implement good practices of social responsibility and environmental. Financial performance is not only important in increasing the efficiency and reducing the costs that companies spend on recruitment and training. However, the need to retain employees is more important to avoid the situation of hunting for talented talent. Many factors point to the importance of financial performance. The sustainability framework for HRM is the subject of academic interest as it attempts to extend beyond strategic HRM (SHRM). As Kramar (2014) points out, sustainable HRM encompasses a set of HR strategies and practices that aim to achieve economic, social and environmental goals while improving long-term human capital. This perspective aims to minimize the harmful impact of organizations on the environment, individuals and society. Indeed, the author comments that sustainable HRM is a new approach to people management, as it recognizes that HRM can have negative effects that should be avoided by addressing the complexities of the workplace.

3. Data and Methodology

3.1 Research design and sampling

This study uses a cross-sectional quantitative research methodology to investigate the influence of SHRM practices on business performance, with employee happiness and corporate reputation serving as mediating factors (Alsafadi and Altahat, 2021). The target market is made up of frontline workers (FLEs) from private commercial banks (PCBs) in Bangladesh, who play an important role in influencing client interactions and company reputation (Rubel et al., 2021). Respondents were chosen using a non-probability sampling approach known as judgment sampling. This strategy was adopted due to the lack of a comprehensive database of all FLEs in the banking industry, rendering probability sampling ineffective (Kim, 2022). Judgment sample ensures that only workers with relevant experience and direct engagement in customer-facing jobs are included, thereby boosting the study's contextual relevance (Otoo, 2024). While non-probability sampling may restrict generalizability, bias was mitigated by picking banks with diverse sizes and operating scopes (Kim, 2022).

3.2 Data collection and survey design

A standardized survey questionnaire was used to collect data from 201 FLEs representing 20 private commercial banks (PCBs). The survey was distributed using the drop-off/pick-up (DOPU) approach, which avoids interviewer bias and allows respondents to finish the survey at their own convenience. A total of 400 questionnaires were sent, resulting in a response rate of 50.25 percent, which is regarded satisfactory in Bangladesh. The questionnaire was created using proven measuring scales from previous investigations. It consists of four major sections, Sustainable HR Practices (SHRM) - adapted from Rubel et al. (2020), which address downsizing and rightsizing. Employee Satisfaction is measured using an 8-item scale developed by Rubel and Kee (2013). Corporate reputation was assessed using a 6-item measure from earlier research. Financial performance is assessed using a 5-item scale based on Yidong and Xinxin (2013).

A pretest with 20 banking professionals was conducted to assess validity and reliability of the survey. Minor changes were made based on comments to improve the clarity and arrangement of questions. Cronbach's alpha was used to ensure internal consistency, and the

results ranged from 0.743 to 0.921, satisfying the Hair et al. (2019) standard.

Partial Least Squares Structural Equation Modeling (PLS-SEM), which is ideal for exploratory research including intricate interactions, is used in this work using Smart PLS 3.2.7 (Ringle et al., 2015). PLS-SEM was chosen for the following reasons. It works well with small to medium sample sizes and doesn't require rigorous normality assumptions (Hair et al., 2017). It supports the simultaneous analysis of numerous dependent and mediating variables, making it perfect for investigating indirect effects. PLS-SEM is capable of managing both reflecting and formative components, providing additional modeling versatility. Given the study's goal of uncovering causal linkages between SHRM practices, employee happiness, business reputation, and financial performance, PLS-SEM offers a rigorous and comprehensive method to hypothesis testing (Hair et al., 2017).

3.2 Theoretical framework

The SHRM has arisen as a strategic strategy that incorporates sustainability ideas into HRM processes, with a focus on employee well-being, ethical governance, and long-term organizational performance. This study investigates how SHRM influences business performance, with employee happiness and corporate reputation serving as intermediaries. The proposed framework investigates the relationship between SHRM and firm performance, focusing on the mediating roles of employee satisfaction and corporate reputation. This framework is based on the idea that sustainable HRM practices, which include environmental, social, and economic considerations, have a direct and indirect impact on firm performance. The sustainable HRM entails enacting eco-friendly policies, encouraging social responsibility, and aligning HR practices with long-term economic objectives. These practices can significantly increase employee satisfaction by promoting work-life balance, ensuring fair treatment, and providing ample opportunities for growth. In parallel, sustainable HRM can improve corporate reputation by committing to ethical practices and effective stakeholder communication. A positive corporate reputation, based on transparency and corporate social responsibility, not only improves public perception but also fosters trust among stakeholders, including customers, investors, and potential employees (Figure 1).

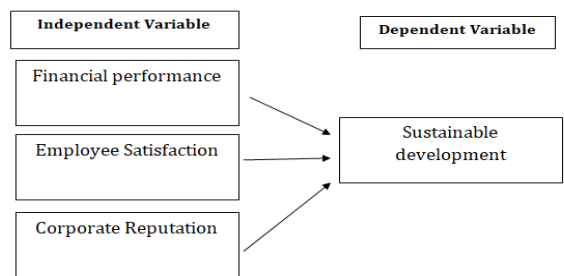


Figure 1. The proposed framework.

3.3 Survey measures

The current research incorporated the validated measurement items used in the earlier research. SD practices was assessed by two dimensions adapted from the previous research of Rubel et al. (2020). 20 items were employed for explaining two dimensional SD practices such as, six (6) items FOR downsizing and rightsizing. Each six (6) items measure for the dimensions of corporate reputation. On the other hand employee satisfaction, the focus variable of the current study was adapted from the research work of Rubel and Kee (2013). Employee satisfaction was measured by 8 items scale. Last, the outcome variable of the current research is financial performance was adapted from the research work of Yidong and Xinxin (2013) measured by five items. The scale validity of all the adapted items ranges from 0.743 to 0.921, therefore, all items are considered acceptable based on the guideline of Hair et al. (2019). In the current study, all dimensions of SDP, the antecedent variables and the

employee satisfaction and corporate reputation the focus variable was measured by 5-point Likart scale.

3.4 Data analysis technique

This study used both the Social Science Statistics Package (SPSS) version 22 and the structural equations for partial least squares modeling (SEMPLS 3.2.7). SPSS is used for data entry and descriptive statistical testing, and SEMPLS is used for data analysis and hypothesis testing. SEMPLS not only tests the relationships of the hypothetical model at the same time, but also takes into account the measurement error of the scale that measures the theoretical composition of the model (Hair et al., 2019).

3.5 Common method variance

Proximal and methodological separations were used when the construct measurements appeared to be separated by different instructions in the questionnaire. Then we scored the variables using various scale formats such as, a 5-point scale for measuring antecedent (HRM practices) and focus (employee engagement) variables, whereas a 7-point scale for measuring outcome variable IWB. Finally, for statistical control, Herman's one-factor test was used to measure the degree of CMV. CMV claims to be problematic if a single latent factor is the cause of the most explained variance. The results show that the 33.36% variance described by the first component is well below 50%, confirming that CMV is not a major issue in the dataset.

4. Results and Discussions

4.1 Measurement model

In this step, we use confirmatory factor analysis (CFA) to test reliability, convergent validity and discriminant validity. To confirm reliability and validity, indicator factor loading, composite reliability (CR) and extracted mean variance (AVE) were tested against the instructions of Hair et al. (2019). According to Hair and colleagues, the load factor should exceed 0.708, the composite confidence should be greater than or equal to 0.700, and the AVE should be equal to or greater than 0.50. The current search results meet all criteria of the measurement model (Table 2).

Table 2. Measurement model.

Constructs	Items	Loading	AVE	CR
Sustainable development practices	SDP1	0.901	0.711	0.961
	SDP2	0.871		
	SDP3	0.823		
	SDP4	0.864		
	SDP5	0.829		
	SDP6	0.823		
Financial performance	FP1	0.879	0.704	0.827
	FP2	0.844		
	FP3	0.879		
	FP4	0.803		
	FP5	0.878		
Employee satisfaction	ES1	0.782	0.721	0.845
	ES2	0.797		
	ES3	0.854		
	ES4	0.876		
	ES5	0.865		
	ES6	0.835		
	ES7	0.912		
	ES8	0.843		
Corporate reputation	CR1	0.821	0.684	0.901
	CR2	0.781		
	CR3	0.875		
	CR4	0.836		
	CR5	0.865		
	CR6	0.893		

In addition, to evaluate discriminant validity, the Fornell-Larcker criterion and Heterotrait Monotrait ratio (HTMT) were used, which were suggested by Henseler et al. (2015) and Hair et al. (2019). Two separate limit values (≤ 0.85 is the more stringent criterion; ≤ 0.90 is the mode tolerance standard) to explain the HTMT relationship. Two different cutoff values are recommended for the interpretation

of the HTMT ratio (Henseler et al., 2015). The current study used a cutoff value of 0.85 to determine the validity of the identification and found that all values were much lower than the benchmark (Table 4). According to Cho and Choi (2021) the square root of AVE (example, all diagonal values) is much higher than the correlation of the corresponding off-diagonal composition (Hair et al., 2019). Therefore, the measurement model shows satisfactory convergent and discriminative validity (Table 3).

Table 3. Discriminant validity (HTMT_{0.85}).

	SD	FP	ES	CR
SD				
FP	0.735			
ES	0.678	0.826		
CR	0.523	0.706	0.682	
Mean	3.62	3.78	3.78	4.87
SD	0.69	0.59	0.79	1.19

*FP=financial performance; ES=employee satisfaction; CR=corporate reputation; SD=sustainable development

4.2 Structural model

According to Hair et al. (2019) examine the quality of the structural equation model using various criteria such as coefficient of determination (R^2), path coefficient b and effect size (f^2). The following values were recommended for R^2 : 0.02 -0.12, week; 0.13 - 0.15, moderator and 0.26 or higher are important. In this study, sustainable development practices is considered the antecedent variable explain 35.7% of the variance of employee satisfaction whereas, financial performance is the outcome variable is explained 42.1% of the variance by corporate reputation the focus of the current study. Based on the Cohen's guideline both explained variance are considered substantial. Result of the analysis shows all dimensions of sustainable development practices have positive significant influence on employee satisfaction such as, downsizing ($\beta=0.360$; $P<0.01$), and rightsizing ($\beta=0.261$; $P<0.01$). Furthermore, the current study finds significant positive influence of employee satisfaction and corporate reputation on financial performance ($\beta=0.292$; $P<0.01$). Thus, all hypotheses of the current research found acceptable according to the assumed hypotheses.

Table 4. Result of direct effect.

Path	Std. Beta	Std. error	t-value	P values	f ²	Decision
Downsizing > Employee satisfaction	0.360	0.049	7.39**	0	0.2	S
Downsizing > Corporate reputation	0.261	0.035	4.82**	0	0.2	S
Rightsizing > Employee satisfaction	0.219	0.048	3.63**	0	0.4	S
Rightsizing > corporate reputation	0.154	0.042	3.21**	0.001	0.3	S
Employee satisfaction > financial performance	0.189	0.032	2.21**	0.004	0.5	S
Corporate reputation > financial performance	0.292	0.046	4.52**	0.003	12	S

** $P<0.01$; (analyzed the direct relationship based on one-tailed); S= supported

The focus of this study is an antecedent-focus-outcome model where sustainable development practices is the antecedent, employee satisfaction and corporate reputation is the focus and financial performance is considered the outcome. The current research examines two model where in the first model see the influence of sustainable development practices on employee satisfaction and corporate reputation and in the second model we have assess the influence of employee satisfaction and corporate reputation on financial performance. The first model implies that employees' satisfaction in the organization is the function of sustainable development practices. The result of the analysis showed that all the two dimensions of SHRM practices have positive significant influence on employee satisfaction in the organization. It may concluded that employee perceived SHRM practices help the

organization to explore those group of people who are more inclined to engage.

5. Conclusions

This study has empirical proof testifying to the effectiveness of sustainable HRM (SHRM) practices in forming happier employees and improved corporate reputation, eventually resulting in firm success in the banking sector of Bangladesh. SHRM has been found to create a healthier work environment, enhance organizational commitment, and improve brand credibility, all leading to financial success. Specifically, employee satisfaction and organizational reputation emerged as critical mediating variables in the link between SHRM practices and company performance. The results are congruent with Social Exchange Theory, Stakeholder Theory, and the Resource-Based View, indicating the strategic significance of sustainable HRM in competitive business settings. The study emphasizes the necessity of adopting SHRM practices in strategic activities, particularly in banking, to foster employee satisfaction and corporate image. To foster a good work environment and employee commitment, organizations must focus on equitable remuneration systems, career progression schemes, and work-life balance initiatives. By investing in training and well-being, banks can reduce turnover, improve service quality, and ultimately drive customer satisfaction and financial performance. Aside from that, deepening CSR initiatives and transparent communications with stakeholders can strengthen corporate reputation, earning the trust of consumers', investors', and regulators'. The study also assumes that using HR analytics in monitoring labor trends and benchmarking industry leaders can help firms stay competitive and refine their sustainable workforce practices, achieving long-term sustainability in a more competitive market. In spite of these, some limitations of the study are that it is industry-specific and therefore not generalizable to other industries, and geographically specific to Bangladesh. It therefore calls for cross-industry and cross-country comparisons in future studies. The cross-sectional data also do not allow us to examine the long-run effect of SHRM, and future studies could investigate other variables such as organizational culture, leadership styles, and the impact of the digital revolution on HRM. Qualitative approaches, including case studies or in-depth interviews, could potentially provide more revealing information regarding the best practices and challenges of SHRM implementation, more specifically how it is linked to long-term business success across most industries and regions worldwide.

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Ethical approval statement

This study was approved by the Canadian University of Bangladesh, and conducted in accordance with the ethical standards.

Data availability

The data that support the findings of this study are available from the first author (Fariha Basher) upon reasonable request. Due to privacy concerns the data are not publicly available.

Informed consent statement

Informed consent was obtained from all individual participants included in the study. Participants were fully informed about the nature and purpose of the research, the voluntary nature of their participation, and their right to withdraw at any time without any

consequence. All participants provided written consent before participation in the study.

Conflict of interest

The authors declare no conflict of interest regarding the publication of this manuscript.

Authors' contribution

Conceptualization, methodology, data curation, data analysis, formal analysis, writing original draft, supervision: Fariha Basher; **Supervision, data collection, data analysis, project administration, writing review, and editing:** Kaniz Farzana. All authors has read and approved the final version of the published article.

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