

Impact of Sustainable Human Resource Management on Employee Engagement and Organizational Performance in Hospitality

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Abstract: *Sustainable Human Resource Management has emerged as an important approach to improving employee engagement, organizational performance, and long-term sustainability in the hospitality industry. Hotels, restaurants, resorts, and tourism-related businesses depend heavily on human resources to deliver quality services, maintain customer satisfaction, and achieve competitive advantage. However, the industry faces several challenges, including high employee turnover, work-related stress, seasonal employment, skill shortages, and increasing environmental responsibilities.*

Keywords: Sustainable Human Resource Management, Green HRM, Employee Well-being, Organizational Sustainability.

I. INTRODUCTION

The hospitality industry is a labor-intensive sector in which employees play a central role in determining service quality, customer experience, and organizational success. Hotels, restaurants, resorts, and other hospitality establishments depend on employees' knowledge, skills, attitudes, and interpersonal abilities to meet changing customer expectations.

However, the industry frequently experiences challenges related to employee turnover, irregular working hours, work pressure, seasonal demand, and difficulties in retaining skilled employees. Traditional human resource management approaches that focus primarily on short-term productivity and cost reduction may not adequately address these interconnected challenges. Consequently, Sustainable Human Resource Management has gained importance as a strategic approach that combines organizational effectiveness with employee welfare, social responsibility, and environmental sustainability.

Sustainable HRM extends beyond conventional recruitment, training, compensation, and performance appraisal by considering the long-term consequences of human resource decisions for employees, organizations, society, and the natural environment. In hospitality organizations, sustainable practices may include providing fair wages, promoting equal opportunities, supporting work-life balance, offering continuous professional development, reducing workplace discrimination, and encouraging employees to participate in environmental conservation activities. Such practices can help create a supportive working environment in which employees feel respected, valued, and motivated to contribute to organizational objectives.

Employee engagement is another important factor influencing hospitality performance. Engaged employees demonstrate enthusiasm, dedication, and a willingness to invest physical, cognitive, and emotional energy in their work. In customer-facing hospitality roles, these characteristics can support attentive service, effective problem-solving, teamwork, and positive guest interactions. Sustainable HRM may strengthen employee engagement by improving perceptions of organizational fairness, trust, support, and shared purpose. In turn, greater engagement may contribute to improved service quality, employee retention, customer satisfaction, and organizational resilience.

The relationship between sustainable HRM, employee engagement, and organizational performance therefore deserves systematic examination. This review considers the theoretical foundations, principal HRM practices, potential mechanisms, implementation challenges, and implications for hospitality management.

OBJECTIVES OF THE REVIEW

The main objectives of this review paper are:

To examine the concept and significance of Sustainable Human Resource Management in the hospitality industry.

To analyze the influence of sustainable HRM practices on employee engagement and job satisfaction.

To explore the relationship between employee engagement and organizational performance.

To identify the challenges associated with implementing sustainable HRM practices in hospitality organizations.

To suggest strategies for integrating employee well-being, environmental responsibility, and organizational sustainability.

REVIEW METHODOLOGY

This paper adopts a narrative literature review approach to examine the relationship between sustainable HRM, employee engagement, and organizational performance. Relevant academic literature was identified through scholarly sources, including Science Direct, MDPI, and hospitality and human resource management journals. The review focuses on conceptual studies, systematic literature reviews, and empirical research addressing green HRM, employee well-being, sustainable personnel management, and organizational outcomes. Particular attention is given to research on hotel and tourism organizations and studies published between 2010 and 2025, alongside foundational theoretical literature where relevant. The selected studies are compared thematically to identify recurring relationships, practical implications, limitations, and research gaps. As this is a narrative review rather than a newly conducted systematic review, the discussion does not claim an exhaustive database search or a formal PRISMA screening process. The conclusions represent a synthesis of the reviewed literature rather than the results of original fieldwork.

CONCEPT OF SUSTAINABLE HUMAN RESOURCE MANAGEMENT

Sustainable Human Resource Management refers to the development and implementation of human resource policies that support long-term organizational success while protecting employee well-being, promoting social responsibility, and considering environmental impacts. Unlike conventional HRM, which may emphasize immediate organizational objectives, sustainable HRM considers the long-term consequences of recruitment, employee development, compensation, performance evaluation, and workforce planning.

In the hospitality industry, this approach includes responsible recruitment, equal employment opportunities, fair compensation, health and safety, employee empowerment, career development, and environmentally responsible workplace practices. Green HRM represents an important environmental dimension of sustainable HRM, integrating environmental objectives into recruitment, training, appraisal, rewards, and employee participation. A systematic review of hotel-sector research identifies employee-related practices, leadership, organizational culture, and corporate social responsibility as important dimensions of green HRM.

Sustainable HRM is most effective when these practices operate as a coherent system rather than isolated initiatives. For example, environmental training is more likely to influence employee behavior when managers provide the necessary resources, recognize contributions, and incorporate sustainability into everyday operational procedures.

SUSTAINABLE HRM PRACTICES IN THE HOSPITALITY INDUSTRY

1. Sustainable Recruitment and Selection

Sustainable recruitment involves selecting employees whose professional competencies, service orientation, ethical values, and willingness to learn align with the organization's long-term objectives. Hospitality organizations may communicate their commitments to employee welfare, inclusion, responsible tourism, and environmental management

during recruitment. Transparent selection procedures and equal employment opportunities can strengthen employer reputation and attract candidates who value responsible workplace practices.

2. Training and Development

Continuous training helps hospitality employees improve service delivery, communication, problem-solving, and professional competence. Sustainability-oriented training can additionally address energy conservation, water management, waste reduction, responsible purchasing, and environmentally conscious guest services. Training is more likely to produce meaningful outcomes when employees have opportunities to apply their learning and receive feedback from supervisors.

3. Employee Well-being and Work-Life Balance

Hospitality employees frequently work rotating shifts, weekends, holidays, and extended hours. Sustainable HRM can address these demands through fair scheduling, adequate staffing, supportive supervision, access to well-being resources, and reasonable workload distribution. Such practices may reduce exhaustion, strengthen job satisfaction, and improve employee retention. Sustainability policies should therefore consider the quality of employees' working lives alongside environmental and financial objectives.

4. Fair Compensation and Recognition

Fair wages, transparent promotion criteria, appropriate benefits, and recognition of employee contributions are important elements of sustainable workforce management. Hospitality organizations can recognize employees who demonstrate exceptional customer service, support colleagues, propose service improvements, or contribute to environmental initiatives. Reward systems should be equitable and should not encourage employees to compromise service quality, safety, or personal well-being to achieve sustainability targets.

5. Employee Participation and Green Performance Management

Employee participation encourages workers to contribute ideas concerning waste reduction, energy efficiency, customer satisfaction, and operational improvement. Green performance management incorporates relevant sustainability behaviors into appraisal and feedback systems. However, environmental indicators should complement rather than replace traditional service and employee-welfare measures. Research on hotel teams indicates that green HRM can be associated with improved team performance through employees' in-role and voluntary environmental behaviors.

IMPACT OF SUSTAINABLE HRM ON EMPLOYEE ENGAGEMENT

Employee engagement refers to the extent to which employees invest energy, enthusiasm, dedication, and attention in their work. It is especially important in hospitality, where service quality depends on frequent interactions between employees and guests.

Sustainable HRM may strengthen engagement through several interconnected mechanisms. First, fair treatment and supportive employment conditions can increase employees' perceptions of organizational justice. Second, professional development opportunities can enhance confidence and competence. Third, participation in decision-making can create a sense of ownership and belonging. Finally, credible sustainability initiatives may help employees understand how their work contributes to broader social and environmental objectives.

The relationship can also operate through social exchange: employees who perceive that their organization values their contribution and well-being may respond with stronger commitment and greater willingness to contribute. Nevertheless, employee engagement should not be assumed to improve automatically whenever a sustainability policy is introduced. Inconsistent management behavior, excessive workloads, inadequate compensation, or symbolic environmental initiatives may weaken employee trust.

Recent hospitality research also emphasizes the role of green work engagement in translating sustainability-oriented leadership into employee creativity and voluntary environmental behavior. This suggests that engagement can connect organizational sustainability initiatives with practical employee contributions.

IMPACT ON ORGANIZATIONAL PERFORMANCE

Organizational performance in hospitality includes financial outcomes, operational efficiency, service quality, employee retention, customer satisfaction, innovation, and environmental performance. Sustainable HRM may influence these outcomes both directly and indirectly.

Employee productivity: Competent and motivated employees may complete tasks more efficiently and provide more consistent services.

Customer satisfaction: Engaged employees can be better positioned to respond to guest requests, resolve problems, and deliver personalized service.

Employee retention: Supportive working conditions and development opportunities may reduce avoidable turnover and recruitment costs.

Operational efficiency: Employee participation in sustainability initiatives can help identify opportunities to reduce resource consumption and waste.

Organizational reputation: Credible commitments to fair employment and environmental responsibility may strengthen employer and customer perceptions.

Innovation and adaptability: Training, teamwork, and employee empowerment can encourage ideas that improve service processes and sustainability outcomes.

A 2024 study by VOVK and VOVK specifically examines sustainable personnel management, employee engagement, organizational commitment, and organizational performance in hospitality settings. Its reported findings support the relevance of employee engagement and organizational commitment as pathways connecting sustainable personnel practices with performance.

However, organizational performance is influenced by many factors beyond HRM, including market demand, location, pricing, leadership quality, technology, and economic conditions. Sustainable HRM should therefore be viewed as an important potential contributor to performance, not as a guarantee of higher profits in every organization.

SUMMARY OF REVIEWED LITERATURE

The following table presents selected studies relevant to sustainable HRM, employee engagement, and organizational performance in hospitality and related organizational contexts.

Table 1. Summary of Selected Literature on Sustainable HRM

Author(s) and year	Research focus	Key findings or contribution
Aust et al. (2020)	Sustainable HRM and the Sustainable Development Goals	Discusses how HRM can contribute to broader social and sustainability objectives.
Alreahi et al. (2023)	Green HRM in the hotel industry	Reviews green HRM practices, implementation barriers, leadership, and organizational culture.
Susanto et al. (2022)	Green HRM in hospitality industries	Connects green HRM with environmental management, financial outcomes, and corporate image.
Green HRM team-performance study (2023)	Green HRM and hotel team performance	Examines how employees' environmental behaviors may mediate the relationship between green HRM and team performance.
Vovk and Vovk (2024)	Sustainable personnel management in hospitality	Examines employee engagement and organizational commitment as mechanisms associated with organizational performance. Economics, Management and Sustainability
Suleman et al. (2025)	Green HRM in hospitality and tourism	Synthesizes 77 empirical studies and identifies research gaps, multilevel outcomes, and possible adverse effects

		such as burnout and greenwashing.
Sustainable HRM and employee performance review (2025)	Sustainable HRM and employee performance	Develops an integrated framework addressing relationships, mediating mechanisms, and contextual conditions.

Note: The table summarizes the cited publications' stated focus and contributions. The studies use different methods and contexts, so their findings should not be interpreted as directly comparable effect estimates.

THEORETICAL FRAMEWORK

Three theoretical perspectives help explain the relationship between sustainable HRM, employee engagement, and organizational performance.

1. Social Exchange Theory

Social Exchange Theory suggests that employees may respond positively when they perceive organizational support, fairness, and investment in their welfare. In hospitality organizations, supportive working conditions, recognition, and development opportunities may encourage employees to reciprocate through greater engagement, cooperation, and commitment.

2. Ability–Motivation–Opportunity Framework

The Ability–Motivation–Opportunity framework explains how employee performance may be influenced by three elements: employees' ability to perform their jobs, their motivation to apply their abilities, and their opportunities to participate and contribute. Sustainable recruitment and training develop ability, fair rewards and recognition support motivation, and employee empowerment creates opportunities for participation. Green HRM research in hospitality frequently uses this framework to interpret sustainability-related employee outcomes.

3. Stakeholder Theory

Stakeholder Theory emphasizes that organizations have responsibilities toward multiple stakeholder groups, including employees, customers, owners, suppliers, local communities, and the environment. Sustainable HRM can help hospitality organizations balance these interests by combining responsible employment practices with service quality, environmental stewardship, and long-term organizational viability.

CHALLENGES IN IMPLEMENTING SUSTAINABLE HRM

Despite its potential benefits, sustainable HRM faces several practical challenges in the hospitality industry.

Financial constraints: Small hotels and independent restaurants may struggle to finance employee training, well-being programs, and sustainability initiatives.

High employee turnover: Frequent workforce changes may reduce the long-term benefits of training and organizational development.

Management resistance: Managers focused on immediate financial targets may give limited attention to employee welfare and sustainability investments.

Seasonal employment: Fluctuating customer demand can make stable staffing, career progression, and work-life balance difficult to maintain.

Inconsistent implementation: Organizations may introduce environmental policies without providing sufficient training, resources, or managerial support.

Measurement difficulties: Employee engagement, social sustainability, and environmental performance require appropriate indicators that are not always easy to compare across organizations.

Employee burnout and green washing: Excessive sustainability demands can increase workload, while unsupported environmental claims may undermine employee trust.

A recent integrative review of hospitality and tourism research highlights the need to examine inconsistent outcomes and potential negative consequences, including burnout and green washing, alongside the benefits of green HRM.

II. CONCLUSION

Sustainable Human Resource Management offers a strategic approach to balancing employee welfare, organizational objectives, and environmental responsibility in the hospitality industry. Its principal practices include sustainable recruitment, employee training, fair compensation, work-life balance, inclusive employment, employee participation, and green performance management. These practices may support employee engagement by strengthening trust, motivation, professional competence, and a sense of organizational belonging. In turn, engaged employees may contribute to improved customer service, productivity, employee retention, innovation, and environmental performance.

The reviewed literature supports the importance of examining employee engagement and organizational commitment as potential mechanisms linking sustainable HRM with organizational outcomes. Nevertheless, these relationships depend on effective leadership, consistent implementation, appropriate resources, and the quality of working conditions.

Sustainable HRM cannot compensate for unfair treatment or excessive workloads merely through environmental initiatives. Hospitality organizations should therefore adopt an integrated approach that gives equal consideration to employees, customers, the environment, and long-term business objectives. Further empirical research is necessary to determine the strength and durability of these relationships across different countries and hospitality settings.

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