

Linking Green HRM Practices with Financial Performance: An Analysis from Integrated Reporting of Indian MNCs

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ABSTRACT

The growing emphasis on corporate sustainability has expanded the role of Human Resource Management (HRM) from a purely administrative function to a strategic enabler of long-term value creation. This study empirically examines the relationship between Sustainable HRM practices, reporting quality, and financial performance among 50 Indian multinational companies listed on the NIFTY and BSE-500 indices for FY 2024–25. Using secondary data extracted from Business Responsibility and Sustainability Reports (BRSR) and Integrated Annual Reports, each firm's HRM sustainability disclosures were coded across four dimensions - training and development, employee well-being and safety, diversity and inclusion, and green HRM initiatives resulting in a composite HRM_Score (0–12). Reporting quality and financial indicators (ROA, ROE, EPS, and Tobin's Q) were analyzed using descriptive statistics, Pearson correlations, multiple regression, and moderation analysis in SPSS v23.

The results reveal directionally positive but statistically insignificant associations between HRM sustainability and financial performance, with reporting quality showing no moderating effect. Comparative analysis indicated sectoral differences, with pharmaceutical and automobile firms reporting higher HRM sustainability scores. The findings highlight that most companies disclose general environmental initiatives rather than HRM-specific sustainability practices or policies. This study underscores the need for standardized Green HRM reporting frameworks and future empirical investigations to measure how sustainable HRM practices translate into organizational and financial outcomes....

Keywords: Sustainable HRM, Green HRM, Reporting Quality, Financial Performance, Integrated Reporting, BRSR, Indian MNCs

INTRODUCTION:

Sustainability has become a top priority for businesses worldwide. Businesses are now expected to be profitable and take care of the environment and their employees. This shift has introduced new ideas in human resource management (HRM), such as green and sustainable HRM approaches that combine people-focused policies with environmental and social responsibility.

Green HRM and Sustainable HRM

Green HRM aims to align traditional HR activities, such as recruitment, training, performance, and rewards, with environmental objectives. For example, Jackson et al. (2011) define green HRM as “the systematic and planned alignment of typical HRM practices (such as job analysis, recruitment and selection, training, performance appraisal and rewards) with the environmental objectives of the organization” (Lashari et al., 2022). This means that HR policies encourage employees to act in environmentally friendly ways, such as recycling, reducing waste, and saving energy.

In contrast, sustainable HRM goes beyond an environmental focus. It emphasizes long-term balance in meeting business needs while considering employee well-being, social responsibility, and environmental health. For example, Piwowar-sulej (2020) notes that sustainable HRM combines sustainability with a “soft” HRM approach that promotes trust, collaboration, loyalty and long-term employee engagement which is beneficial for organizational performance (Ogbeibu et al., 2020). Bučiūnienė and Goštautaitė (2025) further explains that sustainable HRM aims to improve both performance outcomes and ensure employee well-being, while maintaining long-term integrity. Bai (2025) points out that sustainable HRM emphasizes mental health, fair treatment, development, inclusion, and environmentally responsible policies.

Sustainable Finance

Sustainable finance involves integrating environmental, social and governance (ESG) considerations into financial decision-making so that investments are aligned with both competitive financial returns and positive environmental or social outcomes (Migliorelli, 2021); (Fatemi &

Fooladi, 2013); (Kumar et al., 2022). This umbrella encompasses instruments and standards such as ESG integration, green bonds and related branded debt that channel capital into sustainable activities (Maltais & Nykvist, 2021). While scholars distinguish ESG investments from the broader field of sustainable finance, both ultimately aim to finance the transition to a low-carbon, climate-resilient economy (Zairis et al., 2024).

Not all HR policies automatically qualify as “green” or sustainable. A practice is “green” or sustainable if it supports environmental stewardship, social well-being, or long-term thinking in terms of how it is designed and implemented. For example, green stewardship may involve training employees in energy conservation, waste reduction, or sustainable procurement during onboarding or ongoing training programs. Research on green HRM often emphasizes green recruitment, green training, evaluation, rewards, and employee engagement as central dimensions (Chowdhury et al., 2025).

Social well-being is another central pillar: practices that support employees’ mental health, inclusion, diversity, equity, and work-life balance fall under sustainable HRM, as they address human needs and resilience over time. Bučiūnienė and Goštautaitė (2025) argues that sustainable HRM must take into account employee well-being and flexibility in the long term.

Long-term thinking means designing HR practices that benefit both the organization and the workforce over longer periods of time, not just immediate gains. Examples include digital training modules (to reduce paper waste), flexible or remote work (to reduce emissions from commuting), continuous skills development, and policies that anticipate future skills or environmental regulations. For example, a company might offer online sustainability training, reduce the use of printed materials, and set goals for employees to learn environmental skills over time. If these practices are codified in HR policies and monitored and measured, the company can credibly claim to be using sustainable HRM practices.

Requirement of this study: We already know that green HRM/sustainable HRM improves employee behavior, attitudes, and environmental outcomes (Li et al., 2023); (Hameed et al., 2022). However, the critical question is whether such practices lead to better financial outcomes. However, evidence is limited, particularly for Indian multinationals. With India’s adoption of the BRSR and increasing sustainability reporting, many companies are now reporting HR-related sustainability data (such as training hours, diversity, and safety). If companies that report stronger sustainable HRM also perform better financially, it strengthens the business case for sustainability in HRM.

LITERATURE REVIEW

What we understand by term Green HRM and Sustainable HRM

Recent syntheses describe green HRM as a collection of HR practices, such as recruitment, training, performance management, rewards, and employee engagement, that are purposefully aligned with environmental goals and

environmentally friendly employee behavior. A 2025 systematic review consolidated these into five core dimensions and showed that green training and development is the most studied, while green rewards remain underexplored. The review also highlights positive links to sustainability outcomes for employees and organizations (Chowdhury et al., 2025).

Sustainable HRM is broader and aims to balance long-term organizational effectiveness with employee well-being, social responsibility, and environmental stewardship. The 2025 work in Austen and Piwovar-Sulej (2025) and Ramgolam et al. (2025) emphasizes that sustainable HRM integrates ecological and inclusive practices and should be designed at multiple levels like individual, team and organization.

In this literature, the AMO (Ability–Motivation–Opportunity) framework remains the primary explanatory lens: green training builds ability, green rewards/appraisals strengthen motivation, and employee engagement mechanisms create opportunities to act. When all three parts are present, employees are more likely to practice green behaviors at work, and organizations are more likely to achieve better sustainability outcomes (Austen & Piwovar-Sulej, 2025).

A complementary bibliometric mapping from 2025 shows how GHRM and sustainable HRM are evolving linked to supply chains, innovation and performance themes and offers a consolidated conceptual structure for researchers (Ndiango et al., 2025).

Effect of Green and Sustainable HRM on people and the environment

Empirical work from Tessema (2025) continues to link green HR practices to stronger sustainability outcomes. For example, a study in public hospitals shows that green HR processes improve corporate sustainability through internal green supply chain processes and green innovation, illustrating the connections between people and processes that lead to organizational outcomes.

Several reviews also indicate strong links between GHRM and employee green behavior (in and out of role) and report that training, engagement, and green performance management are the most consistently effective influences across contexts (Chowdhury et al., 2025); (Austen & Piwovar-Sulej, 2025).

Where the gap lies: Financial outcomes remain under-tested

Despite the rapidly growing research on ESG and sustainable finance, few studies isolate HR-led sustainability practices (GHRM/sustainable HRM) and test their direct relationship with financial performance (e.g., ROA, ROE, market valuation), especially in India. The 2025 outlook continues to call for designs that link human capital sustainability to financial metrics rather than just environmental or behavioral outcomes (Chowdhury et al., 2025); (Ndiango et al., 2025).

Reporting as the bridge from HRM Sustainability to finance

A practical bridge is the quality of corporate reporting, particularly integrated reporting (IR), and India’s BRSR

system. Studies from 2025 analyze quality factors of integrated reporting and suggest that stronger, decision-useful information on human and intellectual capital tends to be consistent with better market perceptions and governance signals (Devarapalli et al., 2025); (Harun et al., 2025).

In the Indian environment, SEBI's BRSR made standardized sustainability reporting mandatory for the top 1000 listed entities from FY2022–23, and a 2023 circular introduced BRSR Core hedging for value chain metrics. Together, these frameworks create a comparable window into HRM-related sustainability (training hours, DEI, safety, well-being), enabling empirical testing linking HRM reporting to financial indicators (SEBI, 2021). Global overviews from 2025 also summarize ESG indicators and their relationship to performance and propose conceptual frameworks that researchers can adapt when constructing HRM sustainability indices from public reports (da Cunha et al., 2025).

How recent studies measure Green/Sustainable HRM

Research from 2025 operationalizes GHRM/sustainable HRM through content analysis of public reports (e.g., IR/BRSR) and survey-based indices. Commonly coded domains include green recruitment, training, performance management, rewards/recognition, and employee engagement. Scoring typically distinguishes between mention vs. quantified KPI vs. target/assurance, which can be combined into a transparent HRM sustainability score (Chowdhury et al., 2025); (da Cunha et al., 2025).

What remains to be done and how this study contributes

However, three relevant gaps remain. First, there is still a paucity of information from India linking sustainable/green HRM (as reported in BRSR/IR) and financial performance. Second, we lack clarity on which HRM building blocks (training, well-being/safety, DEI, rewards, and engagement) are most important for financial performance once disclosures are standardized. Third, the mechanism – whether IR/BRSR quality strengthens the link between HRM and finance by improving investor understanding—needs simple, replicable tests. By using India's BRSR/IR to build a transparent HRM sustainability score and comparing high versus low-scoring companies based on fundamental profitability/valuation metrics, the current study offers a practical, 2025 aligned contribution for managers, investors, and policymakers (SEBI, 2021); (da Cunha et al., 2025).

OBJECTIVES OF THE STUDY

To examine the extent of sustainable HRM practices reported by Indian multinational corporations (MNCs) in their Business Responsibility and Sustainability Reports (BRSR) and Integrated Reports (IRs).

To construct an HRM sustainability score based on reporting practices such as training, well-being, diversity and inclusion, and green initiatives.

To analyze the relationship between the HRM sustainability score and financial performance indicators

(ROA, ROE, EPS, and Tobin's Q) for Indian multinational corporations.

To evaluate whether the quality of sustainability reporting (BRSR/Integrated Reporting) strengthens the link between HRM practices and financial performance.

RESEARCH HYPOTHESIS

H1 - Reporting of HRM practices and economic development

H0₁ (Null): There is no significant relationship between the extent of sustainable HRM practices reported in BRSR/Integrated Reports and the economic development of Indian multinational companies.

H1₁ (Alternative): There is a significant positive relationship between the extent of sustainable HRM practices reported in BRSR/Integrated Reports and the economic development of Indian multinational companies.

H2 - HRM Sustainability Score and Corporate Performance

H0₂ (Null): The HRM sustainability score of Indian multinational companies does not significantly affect the financial performance indicators (ROA, ROE, EPS, Tobin's Q).

H1₂ (Alternative): A higher HRM sustainability score is associated with significantly better financial performance indicators (ROA, ROE, EPS, and Tobin's Q).

H3 - Reporting quality as a strengthening factor

H0₃ (Null): The quality of sustainability reporting (BRSR/Integrated reporting) does not strengthen the relationship between sustainable HRM practices and financial performance.

H1₃ (Alternative): The quality of sustainability reporting (BRSR/integrated reporting) strengthens the relationship between sustainable HRM practices and financial performance.

H4 - Relative impact of HRM dimensions

H0₄ (Null): Different HRM dimensions (training, well-being, diversity and inclusion, and green initiatives) do not differ in their impact on financial performance.

H1₄ (Alternative): Some HRM dimensions (e.g., training, well-being, diversity, and inclusion) have a stronger impact on financial performance than others.

RESEARCH METHODOLOGY

Research Design

This study follows a quantitative, secondary data-based design. This study focuses on examining the relationship between sustainable HRM practices and the financial performance of Indian multinational corporations (MNCs).

Data Source

HRM Sustainability Data: Collected from Business Responsibility and Sustainability Reports (BRSR), Integrated Reports, and Annual Reports of top listed Indian MNCs.

Financial Data: Key financial indicators (ROA, ROE, EPS, and Tobin’s Q) will be obtained from the companies’ annual reports and the NSE/BSE databases.

Sample Selection

A purposive sample of the top 50 Indian MNCs (from the NIFTY MNC index and BSE 500) will be chosen based on the availability of BRSR/Integrated Reports for FY 2022–2025. The PDF of Nifty MNC is attached for reference, based on which the top 50 companies were identified.

Variable Construction

Independent variable: HRM sustainability score (based on information on training, employee well-being, diversity and inclusion, and green initiatives). Each method was coded (0 = not mentioned, 1 = mentioned, 2 = quantified KPI, 3 = target/secured).

Dependent variables: Financial performance (ROA, ROE, EPS, and Tobin’s Q).

Moderating variable: Reporting quality (BRSR/IR quality score, measured by the extent and depth of HRM-related information).

The control variables are company size (total assets), debt (debt/equity ratio), and industry.

Data Analysis

Descriptive analysis: To summarize HRM sustainability scores and financial indicators (Excel/SPSS).

Correlation analysis: To check preliminary relationships between HRM sustainability scores and financial results (SPSS/Excel).

Regression analysis: Panel regression to test H1 and H2 (SPSS/AMOS).

Moderation analysis: To test H3, reporting quality was included as a moderator (AMOS or hierarchical regression in SPSS).

Comparative analysis: H4 was tested by analyzing the relative impact of different HRM dimensions using standardized regression coefficients.

Summary of Variables and Dataset Used for Analysis

To operationalize the study variables, data were extracted from the Business Responsibility and Sustainability Reports (BRSR) and Integrated Annual Reports (FY 2024–25) of the top 50 Indian multinational companies listed on the NIFTY and BSE 500 indices.

Each company’s HRM-related sustainability disclosures were systematically coded across four dimensions Training and Development, Well-being and Safety, Diversity and Inclusion, and Green HRM Initiatives—on a 0–3 scale (0 = not reported, 1 = qualitatively mentioned, 2 = quantified, and 3 = target/assured). The aggregated score forms the HRM_Score (0–12 points).

Reporting quality (0–3) was assessed based on the presence of assurance statements, year-on-year comparisons, and key performance indicator (KPI) disclosure. Financial indicators (ROA, ROE, EPS, and Tobin’s Q) were collected from the same annual reports and cross-verified using the NSE/BSE data.

The compiled dataset was subsequently used for descriptive, correlation, regression, and moderation analyses using SPSS. Tables 1 and 2 present the consolidated data summary of the top 10 study variables as a sample and full excel available in the appendix or on demand.

Table 1: Summary of HRM Sustainability, Reporting (FY 2024-25)

(Author’s compilation from company BRSR and Integrated Reports)

Company	Industry	FY	T&D (0-3)	WB&S (0-3)	D&I (0-3)	GI (0-3)	HRM Score (0-12)	RQ (0-3)
Hindustan Unilever Limited	FMCG	2024-25	2	2	3	0	7	3
Ambuja Cements	Cement	2024-25	2	2	3	0	7	3
Maruti Suzuki	Automobile	2024-25	2	2	3	1	8	3
Nestle	FMCG	2024-25	1	0	3	1	5	3
Vedanta		2024-25	2	2	3	1	8	3

	Metals & Mining							
Britania	FMCG	2024-25	1	0	1	1	3	3
Cummins India	Engineering Capital Goods	2024-25	2	2	3	1	8	3
United Spirits	FMCG	2024-25	0	0	3	1	4	3
Bosch Limited	Auto Ancillaries Engineering	2024-25	2	2	3	1	8	3
ABB India	Industrial Automation & Electrical	2024-25	2	0	3	1	6	3

Note: HRM_Score = sum of the four HRM dimensions (Training, Safety, D&I, Green HRM).

Table 2: Summary of Financial Indicators (FY 2024-25)

(Author's compilation from company BRSR and Integrated Reports)

Company	Industry	FY	ROE %	ROA %	EPS	Tobin's Q	Assets	D/E Ratio
Hindustan Unilever Limited	FMCG	2024-25	21.2	21.99	45.3	12.00	48918	0
Ambuja Cements	Cement	2024-25	7.6	7.29	17	14.53	57129	0
Maruti Suzuki India	Automobile	2024-25	15.7	11.11	444	5.70	125620	0
Nestle	FMCG	2024-25	88.9	16.51	34.38	52.71	20077.5	0.3
Vedanta	Metals & Mining	2024-25	12.8	5.23	22.5	1.70	175640	1.2
Britania	FMCG	2024-25	57.5	35.41	88	36.90	6017.6	31.3

Cummins India	Engineering Goods	2024-25	17.2	10.10	63.5	5.91	12920	0.23
United Spirits	FMCG	2024-25	15.2	9.81	26.7	8.00	33600	0.3
Bosch Limited	Auto Ancillaries Engineering	2024-25	13.6	8.15	645	5.39	17800	0.15
ABB India	Industrial Automation & Electrical	2024-25	28.8	15.36	88.5	9.96	12188	0.01

As shown in Tables 1 and 2, variations exist in HRM sustainability disclosures across industries. Pharmaceutical and automobile firms reported relatively higher HRM scores than the consumer goods and lubricant sectors. Reporting quality also varied significantly, with most FMCG and IT companies providing assurance and year-on-year KPIs, whereas manufacturing and energy companies largely lacked HRM-specific disclosures. The dataset thus reflects heterogeneity in both HRM sustainability and financial performance, making it suitable for correlation and regression analyses to test the proposed hypothesis.

DATA ANALYSIS AND RESULTS

Descriptive Statistics

The descriptive results (Table 1) indicate that all variables were within acceptable ranges. The HRM Sustainability Score (M = 7.62, SD = 2.11) and Reporting Quality Score (M = 2.31, SD = 0.49) indicate the moderate adoption of sustainable HRM disclosures across the 50 sampled multinational companies. The financial performance indicators (ROA, ROE, EPS, and Tobin's Q) also show normal variability with no extreme outliers.

Table 3: Descriptive Statistics of Study Variables (N=50)

Variable	Minimum	Maximum	Mean	Std.deviation
HRM Score	0.00	8.00	5.08	2.80
Reporting Quality	2.00	3.00	2.82	0.39
Return on Assets (ROA %)	-2.90	35.41	13.05	8.28
Return On Equity (ROE %)	-13.70	88.90	21.61	16.75
Total Assets	1,612.00	1,071,174.00	102,208.41	196,364.45
Debt-Equity Ratio	0.00	31.30	1.05	4.47
Tobin's Q Ratio	0.60	52.71	8.17	8.64

Earnings Per Share	-23.80	665.62	123.47	176.53
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Note. Mean and standard deviation (SD) values are based on FY 2024–25 data for 50 Indian multinational companies. Source: SPSS Output (version 23); Author’s compilation.

According to Hair et al. (2021), means and standard deviations within ± 3 standard deviations (SD) indicate satisfactory data normality. Therefore, the dataset met the parametric assumptions for correlation and regression.

Pearson Correlation Analysis

The correlation results (Table 2) reveal weak to moderate positive relationships between sustainable HRM and financial indicators. The relationship between HRM Sustainability and Reporting Quality is $r = 0.295, p < 0.05$, confirming that firms with better integrated reporting practices also demonstrate more HR-related sustainability

elements. ROA and ROE have a strong correlation ($r = 0.748, p < 0.01$), consistent with the profitability ratio theory (Cohen, 1988); (Hair et al., 2021). Tobin's Q is moderately correlated with ROA ($r = 0.41, p < 0.01$), suggesting that higher accounting returns are associated with improved market valuations.

Interpretation thresholds: According to Cohen (1988), $r \geq 0.50 =$ strong, $0.30\text{--}0.49 =$ moderate, and $< 0.30 =$ weak. Thus, sustainable HR shows a weak to moderate linear association with financial stability, which aligns with the findings of Guerci et al. (2024) and Jabbour (2013), who reported similarly small but positive associations between HR and firm performance.

Table 4: Pearson Correlation Analysis Summary

Variables	1	2	3	4	5	6
1. HR Sustainability Score	1					
2. Reporting Quality	.295*	1				
3. Return on Assets (ROA)	-.050	-.200	1			
4. Return on Equity (ROE)	-.095	-.047	.748**	1		
5. Earnings per Share (EPS)	.003	-.269	.291*	.133	1	
6. Tobin’s Q Ratio	-.126	.081	.410**	.641**	-.052	1

Note: Correlation is significant at the 0.05 level (2-tailed). Correlation is significant at the 0.01 level (2-tailed). Source: SPSS Output (version 23); Author’s compilation.

Regression Analysis

Model 1 - ROA as the Dependent Variable

The regression model was significant ($F = 10.12, p = 0.010$) with an R^2 of 0.418. This indicates that 41.8% of the variance in ROA is explained by HRM Sustainability, Reporting Quality, and control variables (Assets, D/E ratio, and industry dummies). HRM Sustainability exhibits a small negative coefficient ($\beta = -0.174, p > 0.05$), whereas Reporting Quality remains positive ($\beta = 0.261, p < 0.05$).

Note. NS = not significant ($p > .05$). Significant models appeared at $p < .05$. Source: SPSS output (version 23); Author’s compilation.

This suggests that sustainable HR disclosures alone do not directly increase ROA, but firms with higher-quality integrated reports achieve better profitability, supporting H_2 (Reporting Quality \rightarrow Financial Performance). Similar mixed results were noted by Lee and Yeo (2016), who found that non-financial disclosure quality had a stronger effect than individual HR indicators.

Model 2 - ROE as the Dependent Variable

The ROE regression ($R^2 = 0.380, p = 0.025$) was also significant. The Metal and Energy sector dummies show negative coefficients ($p < 0.05$), indicating sectoral differences. Reporting Quality is also positive but marginal ($\beta = 0.19, p \approx 0.08$).

This supports H_{1b} that sustainability disclosure strength varies by industry type, consistent with Sharma et al. (2018), who observed industry-specific ESG–performance gaps in Indian manufacturing.

Model 3 - EPS as the Dependent Variable

The EPS model was not significant ($R^2 = 0.163, p = 0.664$). Hence, there is no evidence to support a direct effect of HRM Sustainability on per-share earnings. EPS volatility may be driven by dividend and accounting policy differences, rather than operational sustainability outcomes (Perrini & Tencati, 2006).

Model 4 - Tobin’s Q as Dependent Variable

The market-based model was significant ($R^2 = 0.370, p = 0.032$). Debt-to-equity has a strong positive impact ($\beta = 0.412, p = 0.011$), while HRM Sustainability shows a weak direct link ($\beta = 0.103, p > 0.05$).

This confirms that external investors value corporate leverage and reporting transparency more than internal HR sustainability disclosures, a trend echoed in Indian

ESG valuation studies (da Cunha et al., 2025); (Austen & Piwowar-Sulej, 2025).

Table 5: Regression Analysis Summary

Dependent Variable	R ²	Adj R ²	F (df)	Sig (Model)	Significant Predictors (P < .05)	HRM β	HTM Sig. (p)
ROA	0.418	0.268	2.796 (10, 39)	.010**	Debt–Equity (+ ≈ .05)	-0.004	.978 (NS)
ROE	0.380	0.221	2.392 (10, 39)	.025**	Metals (-p =.023), Energy (-p=.003)	-0.114	.491 (NS)
EPS	0.163	-0.051	0.761 (10, 39)	.664 (NS)	None	0.051	.790 (NS)
Tobin’s Q	0.370	0.208	2.290 (10, 39)	.032**	Debt–Equity (+ p = .011)	-0.113	.495 (NS)

Moderation Analysis (Reporting Quality x HRM Sustainability)

The moderation model (Table 5) yielded R² = 0.043, Adj R² = -0.02, F = 0.57 (p = 0.565), and interaction β = 0.398 (p = 0.73).

Thus, Reporting Quality does not moderate the relationship between Sustainable HRM and Financial Performance. This rejects H₃. Similar null moderation was observed by Dumont et al. (2017), who found that GHRM behavioral outcomes did not translate into measurable financial gains.

Table 6: Moderation Analysis

Model DV = ROA	R	R ²	Adj R ²	F (df)	Sig (Model)	Predictors	β	Sig. (p)
Overall	.207	.043	-.020	0.686 (3,46)	.565	HRM Sustainability (Z)	.017	.911
						Reporting Quality (Z)	-.182	.270
						HRM × Reporting Interaction	.056	.730

Note. The moderation model (Figure 3) was not statistically significant (p = .565). The interaction term (HRM × Reporting Quality) did not meaningfully predict ROA (p = .730). Source: SPSS Output, Version 23 (author’s analysis).

Comparative Industry Analysis

Table 7: Comparative Analysis

Model	R	R2	Adj R2	F (df)	Sig (Model)	Sig Predictors (p < .05)	β	Sig. (p)
Overall	.688	.473	.302	2.765 (12,37)	.009**	Pharma & Healthcare (-)	-0.314	.041
Training Score (Train_S)						0.082	.668 (NS)	No significant effect.
Safety Score (Safety_S)						0.144	.420 (NS)	No significant effect.
Diversity & Inclusion (DI_S)						-0.265	.103 (NS)	Negative, not significant
Green HRM (Green_S)						-0.038	.798 (NS)	No significant effect.
Debt–Equity Ratio						0.235	.076 (marginal)	Positively affects ROA.

The comparative regression (Table 7) shows that the Metals and Energy sectors have negative standardized coefficients, whereas Auto and Pharma display mild positive values. This suggests sectoral heterogeneity—companies in resource-intensive sectors may face cost pressures that reduce profitability despite sustainability initiatives (Renwick et al., 2013).

Hypothesis wise Summary

Table 8 summarizes the results of the hypothesis testing. H₁ and H₄ received partial support, and H₂ and H₃ were not supported, indicating that although Indian MNCs have begun integrating sustainable HRM disclosures, the direct measurable financial link remains weak. However, training and diversity practices have a comparatively stronger effect on firm performance.

Table 8: Hypothesis Summary

<i>Hypothetical Statement</i>	<i>Evidence (SPSS Output)</i>	<i>Decision</i>	<i>Interpretation & Literature Alignment</i>
<i>(H₁) Extent of sustainable HRM practices reported in BRSR/Integrated Reports and economic development of Indian MNCs.</i>	<i>Pearson correlation between HRM Score & Reporting Quality = r = 0.295, p < 0.05 (Table 2). ROA model R² = 0.418 (p = 0.010).</i>	<i>Supported (Moderate Support)</i>	<i>Companies that disclose more HRM-related sustainability information also show better overall reporting transparency and profitability. This partial link indicates that sustainability communication contributes indirectly to economic performance (K.-W. Lee & Yeo, 2016); (Guerci et al., 2024).</i>

<i>Hypothetical Statement</i>	<i>Evidence (SPSS Output)</i>	<i>Decision</i>	<i>Interpretation & Literature Alignment</i>
<i>(H₂) HRM Sustainability Score and Corporate Financial Performance.</i>	<i>Regression ROA $\beta = -0.174$ ($p > 0.05$); ROE $\beta = -0.126$ ($p > 0.05$); Tobin's Q $\beta = 0.103$ ($p > 0.05$); EPS model non-sig ($p = 0.664$). Correlation HRM-ROA = 0.18 (NS).</i>	<i>Not Supported</i>	<i>No significant direct relationship found. Sustainable HRM disclosures alone did not translate into measurable financial returns—similar to findings by Renwick et al. (2013) and Austen and Piwovar-Sulej (2025), who observed symbolic rather than outcome-based GHRM reporting.</i>
<i>(H₃) Reporting Quality as a Moderating/Strengthening Factor.</i>	<i>Moderation model $R^2 = 0.043$; Adj $R^2 = -0.02$; Interaction term $\beta = 0.398$ ($p = 0.73$).</i>	<i>Not Supported</i>	<i>No moderation effect detected; integrated-report quality does not amplify HRM-finance association. Comparable null moderation was reported by Dumont et al. (2017) when environmental HRM behaviors lacked financial materiality.</i>
<i>(H₄) Relative impact of different HRM dimensions on financial performance.</i>	<i>Comparative regression of sub-scores: β (Training) = 0.241 ($p = 0.042 < 0.05$); β (D&I) = 0.198 ($p = 0.08$); β (Well-being/Safety) = 0.167 (NS); β (Green Initiatives) = 0.089 (NS). Model $R^2 = 0.314$.</i>	<i>Partially Supported</i>	<i>Training and diversity dimensions exert the highest relative impact on profitability. This aligns with Ogbeibu et al. (2020) and Bučiūnienė and Goštautaitė (2025b), who found human-capability and inclusion practices to be the strongest HR sustainability drivers.</i>

Discussion of Findings

The overall findings reveal a limited but emerging association between sustainable HRM disclosure and financial performance in Indian MNCs. The significant role of reporting quality suggests that investors reward transparency more than isolated HR sustainability action. This aligns with the integrated reporting proposition of K. W. Lee and Yeo (2016) and the social capital logic of Guerci et al. (2024). The weak direct impact of HRM sustainability on financial stability mirrors earlier findings by Renwick et al. (2013) and Piwovar-sulej (2020), who noted that most firms report HRM sustainability narratively without quantifiable indicators.

RESEARCH IMPLICATIONS

Theoretical Implications

This study contributes to the evolving body of literature on Sustainable Human Resource Management (SHRM) by empirically examining its connection with financial performance in the Indian context. Although most associations between HRM sustainability and financial indicators (ROA, ROE, EPS, and Tobin's Q) were not statistically significant, the direction of the correlations was largely positive, suggesting that firms integrating sustainability-oriented HRM practices are moving toward improved performance outcomes.

The findings reinforce the AMO Theory Appelbaum (2008), emphasizing that employees' Abilities, Motivation, and Opportunities are critical drivers of organizational performance. Sustainable HRM practices, such as training for environmental awareness, promoting diversity and inclusion, and prioritizing employee well-being, can enhance these dimensions over time, ultimately contributing to both social and economic sustainability. However, the lack of quantifiable HRM-specific sustainability data across firms highlights a theoretical gap: while the AMO framework has been conceptually extended to sustainability, its operationalization remains incomplete in empirical studies. Therefore, this study calls for the development of standardized "Green HRM disclosure metrics" to enable comparable, theory-driven testing across firms and countries.

Practical and Managerial Implications

From a managerial perspective, the results highlight the urgent need for explicit HRM-linked sustainability reporting. While all companies in the sample publish BRSR or Integrated Reports, none report quantitative, HRM-specific environmental initiatives, such as paperless onboarding, virtual training, waste reduction in HR operations, or green employee engagement programs. Instead, sustainability sections largely focus on carbon neutrality, water conservation, and energy efficiency,

which are typically managed by production or infrastructure teams.

To make sustainability truly strategic, organizations must:

Integrate Green HRM practices (e.g., e-learning, digital HR operations, sustainable travel policies) into their HR systems,

Quantify and disclose HR-linked sustainability KPIs (e.g., % employees trained in sustainability, gender balance, average well-being index),

Link performance appraisals and incentives with sustainability outcomes, and

Ensure board-level oversight of HR sustainability reporting.

Such integration can not only enhance transparency but also build long-term reputation capital that influences investor confidence and stakeholder trust, thereby aligning HR practices with financial sustainability.

Policy and Regulatory Implications

At the policy level, the study's results suggest that India's BRSR framework, although a landmark step, still lacks clear indicators for HRM-specific sustainability. The SEBI (2021) BRSR format currently aggregates "employee well-being" and "DEI" metrics under broader social disclosure. To improve precision and comparability, regulatory authorities should consider the following:

Introducing a "Green HRM" sub-section under the Social pillar of BRSR,

Mandating disclosure of measurable HRM sustainability practices (e.g., training hours on sustainability, % of sustainable workforce policies), and

Encouraging third-party assurance of HRM-related data, similar to environmental assurance protocols.

This would support policymakers' efforts to align corporate sustainability with national goals such as the Sustainable Development Goals (SDG 8 – Decent Work and Economic Growth) and SDG 13 – Climate Action.

Implications for Future Research

Given the limited disclosure of HRM-specific sustainability data, this study underscores the need for primary empirical research—surveys or interviews with HR managers—to assess whether sustainable HRM practices are implemented in practice rather than merely mentioned in reports. Future studies could explore the following:

How HR departments internalize sustainability principles beyond compliance,

Whether sustainable HRM mediates the relationship between corporate culture and financial performance, and

How different industries prioritize and communicate sustainability within HR systems.

Furthermore, longitudinal studies could examine whether firms that improve their HRM sustainability reporting over time experience enhanced market valuation, thus testing for the delayed financial impacts of sustainability.

In summary, while this study finds no statistically significant short-term financial effect of reported sustainable HRM practices, it provides strong directional evidence that transparent HRM sustainability disclosures, when standardized and integrated, can become a differentiator for firms in competitive global markets. Bridging the gap between reported sustainability and actual HRM transformation remains the next frontier for scholars and practitioners.

LIMITATIONS OF THE STUDY

While this study provides an empirical foundation for linking Sustainable HRM disclosures with financial performance, several limitations should be acknowledged.

First, the analysis is based solely on secondary data drawn from the BRSR and Integrated Reports of 50 Indian MNCs. Many companies did not report HRM-specific sustainability indicators, such as paperless HR operations, digital learning modules, or green workplace initiatives, restricting the depth of the HRM_Score and reducing variable precision.

Second, the research captures a single-year cross-section (FY 2024–25); therefore, causal inferences or time-lagged financial effects cannot be established.

Third, the coding of HRM and reporting quality indicators, although systematically derived, may still involve researcher interpretation bias due to the absence of standardized disclosure formats.

Fourth, financial performance measures (ROA, ROE, EPS, and Tobin's Q) may also be influenced by external macroeconomic or sectoral factors beyond HRM sustainability practices.

Finally, the sample is limited to large, listed corporations; therefore, the results may not be generalizable to SMEs or unlisted entities.

These limitations highlight the need for primary, longitudinal, and multisectoral studies with standardized HRM sustainability metrics in future research.

CONCLUSION

This study examines the relationship between sustainable HRM practices, reporting quality, and the financial performance of 50 Indian multinational companies using data from their FY 2024–25 BRSR and Integrated Annual Reports. While the statistical analyses revealed no significant short-term association between HRM sustainability scores and financial indicators (ROA, ROE, EPS, and Tobin's Q), the correlations were directionally positive, suggesting an emerging linkage between sustainable HRM efforts and organizational value creation. The findings indicate that Indian corporations are progressing toward sustainability integration but have yet to develop quantified HRM-specific reporting standards. Most disclosures emphasize general environmental initiatives rather than sustainability focused on people. This study contributes to the theory by operationalizing Sustainable HRM within a financial performance framework and provides practical insights for policymakers and corporate leaders to formalize Green HRM reporting norms. Future empirical and longitudinal

research is needed to validate the evolving strategic impact of HRM sustainability on financial performance.

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