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Work Climate and Economic Performance in the Context of the Green Deal Implementation in Romania

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Abstract. *As the European Green Deal shapes every industry and process, evolving continuously, it is paramount to understand its implications on employees and the economic performance of companies. This study investigates the impact of the European Green Deal's implementation on economic performance and the work climate of Romanian companies, contributing to the specialized literature by providing empirical insights regarding the relationship between these variables and their influence. Thereby, an exploratory market survey was conducted using a quantitative research design. The sample of the study was 131 Romanian employees, and the results show that the organizational sustainability policies positively influence the economic performance of the companies and the employees' green behavior, both directly and indirectly, having the leadership team as a mediator. The results show a stronger effect of organizational sustainability policies on the economic performance of Romanian companies and employees' green behavior, when this relationship is mediated by the leadership team, highlighting for the Romanian companies, the importance of the leadership team in this context and the constant need to improve their abilities, knowledge, and competencies in this area. Furthermore, the employees' green behavior positively influences the work climate, suggesting that as the employees adopt more sustainable practices, the work climate tends to be more friendly and pleasant, this way retaining longer the employees at the same company. These findings suggest that companies should also invest in employees' sustainable behavior. The study provides valuable insights for business leaders and policymakers, suggesting the importance of balancing economic performance with environmental responsibility. This paper could be a starting point for future academic research, exploring a specific sector or the integration of emerging technologies in the management of green policies, and extending the study using a more complex sample.*

Keywords: European Green Deal, economic performance, sustainability, work climate, green behavior.

Introduction

Born in 2019, the Green Deal means to regulate all the industries and the environment that we live in as well as our lives. Of course, as any other implementation, this one also comes with challenges, and in the end, it has an impact over the things that were involved or touched by it.

A lot of companies have said that they want to help and that they support the European Green Deal, reducing the pollution level and their impact on the environment. These promises also have an impact on the economic performance of the companies, considering all the changes that need to be done to align with the new legislation and reach the proposed targets, as well as on the work climate. In Ciobanu et al. (2019) perspective, a work climate that is supportive positively influences the employees' self-efficacy, performance, and job satisfaction.

After a meta-analysis of 270 articles done by Ye et al. (2021), they highlight the existing relationship between the companies' capacity to reach better financial results and CSR. Patten &

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Zhao (2014) indicate that independent reporting of CSR activities in the US retail sector enhances perceptions of company's reputation, which may probably increase interest from socially responsible investors in its shares. Similar research was done by Riboldazzi (2016) on Italian companies, and Lavorata & Sparks (2018) underlined that retailers can significantly differentiate themselves from their competitors if they use strategies that include Bio products.

Therefore, this paper aims to investigate the relationship between the Green Deal implementation, work climate, and economic performance of the companies in Romania from the employees' perspective. This subject is not fully explored in Romania, and this research contributes to the scientific literature by highlighting if and how organizational sustainability policies influence the employees' green behavior and the economic performance of the company, these being mediated by the leadership team and also by demonstrating in which manner the green behavior of employees influence the work climate. The article is structured in 5 chapters, starting with the introduction, offering information about the topic of the paper and its importance, followed by the literature review, research methodology, results and discussions, and in the end, the conclusions are given.

Literature review

The work climate became a very important factor for the employees, and it can be a decision influencer for leaving the company or staying. The labor market is suffering a continuously changing, with each company trying to offer the best and most different and remarkable benefits they can. Nevertheless, employees' roles have incredibly increased, and when they have the possibility to choose their favored working schedule, they are inclined to show more motivation and stay for more time at the same job without changing it (Davidescu et al., 2020). Also, Davidescu et al. (2020) believe that work flexibility is another important aspect that leads to high performance, job satisfaction, and overall improvement of the company because it offers a balance between employees' personal lives and work. Considering the technological advancement, this flexibility is very possible for the people who are working from a laptop or a phone, if they have an internet connection.

The constant degradation of the global environment also forces enterprises to worry about their non-financial performance besides their financial, addressing the various environmental, economic, and social prospects of their stakeholders (Barrena Martínez et al., 2016). In this context, the need for ecosystem preservation is thriving, and sustainability reporting is gaining more and more importance for both developed and emerging countries (Girón et al., 2021).

Looking at the facts presented above, for the sake of employees and also of the companies, it is elementary to know how to deal with the challenges faced in the process of implementation of the Green Deal, which was born in 2019, assuring at the same time the best work climate possible and good economic performance.

Tomšič et al. (2015) researched the connection between economic performance and corporate sustainability, using at the same time the innovation process, leadership, European Union policy, and human capital as control variables for small and medium enterprises. The research was conducted on a sample of 645 Slovenian small and medium companies, finding that economic performance and corporate sustainability are complementary performances, also showing that the leadership team has a remarkable positive impact on corporate sustainability (Tomšič et al., 2015).

Shanker et al. (2017) demonstrated that innovative work behavior mediates the connection between organizational performance and organizational climate for innovation. Samaranayake & Silva (2010) conducted a study in Sri Lanka, discovering that employees think that the introduction of Leadership in Energy and Environmental Design had a good impact on their work climate, 86% considering that their performance at the workplace has improved after putting in place the green building.

Dahiya (2020) studied the association between organizational sustainability policies and employee environmental behavior with the mediating role of perceptions of green work climate. The findings support the prominence of relevant psychological mechanisms, which draw a connection between the green behavior of employees and organizational sustainability policies (Dahiya, 2020). Therefore, based on the reviewed literature, this paper proposes the following hypothesis:

H1: Organizational sustainability policies positively influence the green behavior of employees and economic performance, mediated by the leadership team.

From Kim et al. (2017) perspective, employees' workplace green behavior (EWGB) includes their voluntary work and efforts that promote sustainability without being required by formal management policies and usually are unpaid. Nowadays, to succeed as a company, EWGB is crucial, helping to gain competitive advantage, natural environment protection, and sustainable success (Luu, 2021; Ahmed et al., 2023; Asghar et al., 2023).

M. Ahmed et al. (2020) explored how corporate social responsibility (CSR) and three other green triggers of the environment (concern, awareness, and knowledge) influence green behavior and employee well-being. Findings from this paper show that environmental concern, knowledge, and CSR have a positive sequel on employee well-being, while environmental awareness was found to have a positive but insignificant effect on their well-being. On top of that, when it comes to green behavior, environmental knowledge, concern, and well-being had a positive influence on it, while environmental knowledge and CSR also had a positive effect but an insignificant one. From the desire to verify if the facts discovered by the other authors are also applicable to the companies from Romania, the authors created the below hypothesis:

H2: The green behavior of employees positively influences the work climate.

"The term "Green economy" in the context of sustainable development was used for the first time in 1989, there is no internationally agreed definition for it" (Neagu et al., 2024). The system for calculating the progress of the green economy is built on three directions: economic development, environmental protection, and social development while taking care and being careful about the environment (Neagu et al., 2024).

The green economy is complex and can be affected or influenced by a complementary thing that it is possible to not consider when the plan is made. However, to achieve the targets set for 2050 and even for 2030, the green transformation and the movement to sustainable economies should advance much faster than they are doing right now (Dolge & Blumberga, 2021). Since the ambitious target were set by the European Commission, some scientific papers were published in the area of greenhouse gases emission trend, as well as future paths in EU member countries (Bianco et al., 2019; Hafner and Raimondi, 2020; Brodny and Tutak, 2021).

Methodology

The conducted study was an exploratory market survey using a quantitative method and based on a questionnaire. The main objective of the research is to explore the relationship between the Green Deal implementation, work climate, and economic performance of the companies in Romania from the employees' perspective. To achieve it, the following secondary objectives were formulated:

O1: To assess how the organizational sustainability policies influence the employees' green behavior and the economic performance of the companies, mediated by the leadership team.

O2: To evaluate if the employees' green behavior influences the work climate.

H1: Organizational sustainability policies positively influence the green behavior of employees and economic performance, mediated by the leadership team.

H2: The green behavior of employees positively influences the work climate.

The research was conducted using an online survey distributed only to employees from companies with offices in Romania via social media and email, receiving 131 responses. To achieve a representative sample for this study, the authors used the snowball method. The involvement of the respondents in this research was totally voluntary, and guaranteed anonymity. The instrument for collecting the data was the questionnaire, which was divided into two sections. The first section collected socio-demographic data, and the second collected information about the leadership team's green behavior, organizational sustainability policies, employees' green behavior, companies' economic performance, and finally, about the work climate. The second section consisted of multi-item measures rated on a six-point Likert scale ranging from 1 (totally disagree) to 6 (totally agree).

Table 1 offers details about the sample of this study. Therefore, almost all of them have a higher education, 58% having a Master's degree, 35,9% having a Bachelor's degree, and 3,1% owning a PhD. The majority of the respondents were female (55%), and 42% had between 25-34 years, 22,9% had between 35-44 years, and 15,3% between 45-54 years. Regarding the positions held in the company, 48,1% are senior employees, and 22,9% are managers. When it comes to the distribution of seniority in the company, it is visible that 28,2% have between 1-3 years, 23,7% between 3-5 years, and 19,1% of the respondents have over 10 years in the company.

Table 1. Socio-demographic characteristics of the respondents

Characteristics		Respondents (N = 131)	Percent
Education	High School	4	3.1
	Bachelor's degree	47	35.9
	Master's degree	76	58
	PhD	4	3.1
Gender	Male	59	45
	Female	72	55
Age	Under 25 years	17	13
	25-34 years	55	42
	35-44 years	30	22.9
	45-54 years	20	15.3
	55-65 years	9	6.8
Position in the company	Intern	5	3.8
	Junior employee	22	16.8
	Senior employee	63	48.1
	Manager	30	22.9
	Director	11	8.4

Seniority in the company	Less than 1 year	19	14.5
	1-3 years	37	28.2
	3-5 years	31	23.7
	5-10 years	19	14.5
	Over 10 years	25	19.1

Source: Authors' own research.

Data collection was conducted over one month in January 2025, and these were analyzed using the Statistical Package for the Social Sciences (SPSS).

Results and discussions

Considering that Cronbach's Alpha coefficient values are greater than 0.7, it indicates a high statistical reliability of the answers to these questions. (Table 2).

Table 2. Reliability Coefficients (Cronbach's Alpha).

Respondents' perception regarding the leadership team	0.948
Respondents' perception regarding the organizational sustainability policies	0.930
Respondents' perception regarding their green behavior	0.906
Respondents' perception regarding the economic performance of the company	0.943
Respondents' perception regarding the work climate	0.966

Source: Authors' own research.

A mediation analysis was used to test how the organizational sustainability policies influence the employees' green behavior and the economic performance of the companies, mediated by the leadership team. The mediation analysis was run in SPSS through the PROCESS method with bootstrapping and used a 95% confidence interval, 5000 re-samples, and model 4 as the model to be run. Therefore, the following variables were defined:

Y (Dependent variable) = Economic performance of the company

X (Independent variable) = Organizational sustainability policies

M (Mediating variable) = Leadership team

According to Table 3, organizational sustainability policies have a strong positive effect on the leadership team, the relation being statistically significant (β=0.81, p=0.000). Organizational sustainability policies have a total impact (β=0.82) on the economic performance of the company, meaning that organizational sustainability policies influence the economic performance of the company in a direct mode and also indirectly through the leadership team. Also, the leadership team has a positive influence on the economic performance of the company (β=0.40). All the effects are statistically significant.

Referring to the direct effect (β=0.49) of organizational sustainability policies on the economic performance of the company, it is visible that without the leadership team, there is still a significant influence of X on Y. Considering that the direct effect (β=0.49) is lower than the total effect (β=0.82), there are clear evidences that the leadership team mediates the relation between the organizational sustainability policies and the economic performance of the company.

Table 3. Summary of the regression analysis and its coefficients.

Path	β	*SE*	*Sig.*
X → M	.81	0.06	.000
X → Y (total)	.82	0.05	.000
X → Y (direct)	.49	0.09	.000
M → Y	.40	0.11	.000

Source: Authors' own research.

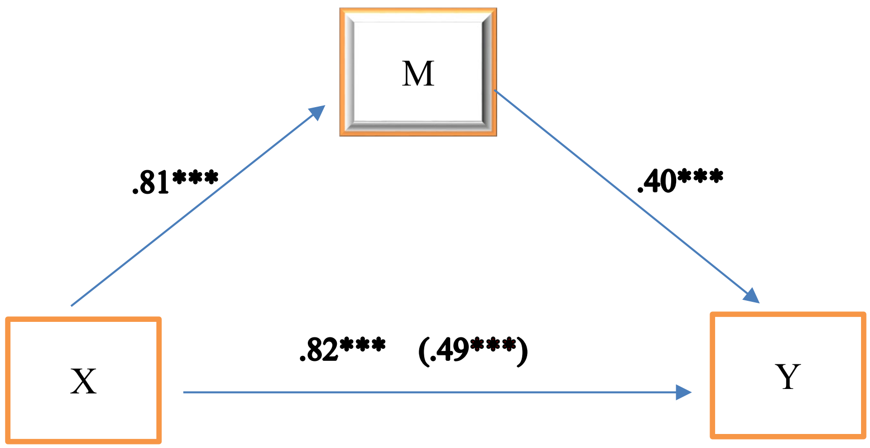

Figure 1. Mediation model of the impact of organizational sustainability policies on economic performance

Source: Authors' own research.

Table 4 shows the impact that organizational sustainability policies have on the economic performance of the company through the leadership team (β=0.32), underlying that the indirect effect is statistically significant ($LL_{95\%}$=0.13, $UL_{95\%}$= 0.49), confirming a partial mediation.

Finally, the organizational sustainability policies influence the economic performance of the company not only directly but also indirectly through the leadership team.

Table 4. Indirect (mediation) effect analysis

Path	Effect	*SE*	$LL_{95\%}$	$UL_{95\%}$
X → M → Y	.32	0.09	0.13	0.49

Source: Authors' own research.

The same mediation analysis was done to test the other set of variables, replacing the economic performance of the company with the green behavior of employees, using the same confidence interval, re-sample, and model in SPSS. The variables were defined as follows:

Y (Dependent variable) = Employees' green behavior

X (Independent variable) = Organizational sustainability policies

M (Mediating variable) = Leadership team

Table 5 shows that organizational sustainability policies strongly influence the leadership team (β=0.81), while the leadership team influences the employees' green behavior in a positive moderate measure (β=0.40). On the other hand, the organizational sustainability policies positively influence the employees' green behavior (β=0.65), mediated by the leadership team, and at the same time, organizational sustainability policies have a direct effect on employees' green behavior (β=0.33). These findings suggest that there exists a partial mediation relationship because the direct effect is smaller than the total effect. All of the effects of the variables are statistically significant.

Table 5. Summary of the regression analysis and its coefficients.

Path	β	*SE*	*Sig.*
X → M	.81	0.06	.000
X → Y (total)	.65	0.07	.000
X → Y (direct)	.33	0.12	.007
M → Y	.40	0.13	.003

Source: Authors' own research.

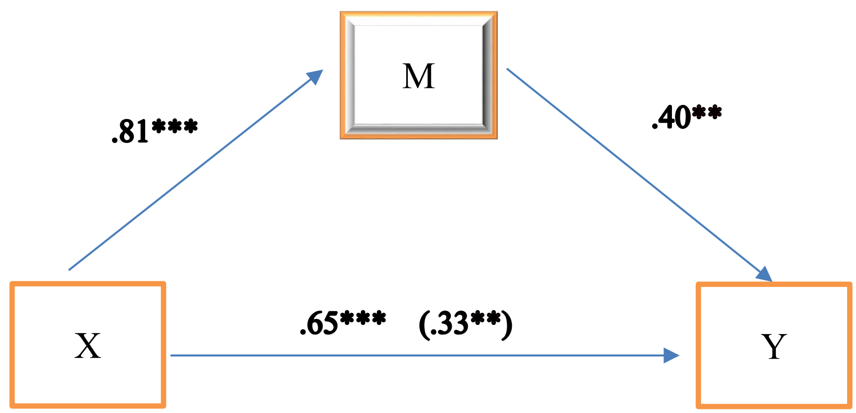

Figure 2. Mediation model of the impact of organizational sustainability policies on employees' green behavior

Source: Authors' own research.

Table 6 indicates that a significant part of organizational sustainability policies' influence (β=0.32) on the employees' green behavior occurs through the leadership team. The results confirm that the indirect effect is statistically significant ($LL_{95\%}$=0.11, $UL_{95\%}$= 0.53), supporting a partial mediation.

Table 6. Indirect (mediation) effect analysis

Path	Effect	*SE*	$LL_{95\%}$	$UL_{95\%}$
X → M → Y	.32	0.10	0.11	0.53

Source: Authors' own research.

In conclusion, for both cases, the organizational sustainability policies positively influence the economic performance of the company and the employees' green behavior, both directly and indirectly, through the leadership team. Therefore, the presented arguments lead to the acceptance of H1, meaning that organizational sustainability policies positively influence the green behavior of employees and economic performance, mediated by the leadership team. In this case, the results can be correlated with the results of other papers (Patten & Zhao, 2014; Tomšič et al., 2015; Dahiya, 2020; M. Ahmed et al., 2020).

In order to assess if the employees' green behavior influences the work climate, a Pearson correlation test was run in SPSS and found a strong positive correlation ($r=0.538$, $p<0.01$) between the employees' green behavior and the work climate (Table 7).

Table 7. Pearson Correlation.

		Employees' green behavior	Work climate
Employees' green behavior	Pearson Correlation	1	,538**
	Sig. (2-tailed)		,000
	N	131	131
Work climate	Pearson Correlation	,538**	1
	Sig. (2-tailed)	,000	
	N	131	131

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Based on SPSS output.

So, as the employees' green behavior gets better, it also influences the work climate that they are having in the company, improving it as well. Considering the presented conditions, H2 is accepted. These results also confirm the findings of Samaranayake & Silva (2010).

Briefly, the study offers important insights about the relationship between the implementation of the European Green Deal, the economic performance of the companies, and the work climate in Romania from employees' perspectives. In short, the findings highlight that organizational sustainability policies positively influence the economic performance of the companies and employees' green behavior, with the leadership team acting as a mediator, and that the employees' green behavior positively influences the work climate. The study also accents the importance of integrating sustainability in corporate policies, providing training for managers regarding sustainability, and encouraging employees to adopt sustainable practices.

Conclusion

The European Green Deal means to transform the environment that we live in by integrating sustainable habits in the businesses' processes and also in the people's lives. The level of pollution from any industry needs to be reduced, so the European Commission came up with a plan. To achieve it, there is an urgent need for as many companies as possible to make high efforts and integrate sustainability in the way that they are operating. Therefore, the paper contributes to the scientific literature by providing empirical evidence about the relationship between the Green Deal implementation, work climate, and economic performance of the companies in Romania from the employees' perspective.

The results indicate the importance of sustainability and organizational sustainability policies because, as it can be seen from the research results, the organizational sustainability policies positively influence the economic performance and the employees' green behavior, mediated by the leadership team. The relationship between these variables is also directly and indirectly through the leadership team, but the results are showing better results on indirectly effect, through the leadership team. These emphasize the importance of managerial training regarding sustainability, leadership in case of sustainability integration, feedback, activities, and so on. Moreover, the results show that the green behavior of employees positively influences the work climate. All in all, the results support the need to integrate sustainability in organizational policies and improve them because these have an influence on the employees' green behavior but also on the economic performance of the company. The green behavior of employees should be encouraged by the companies that they are working in and also by providing training, activities, and important insights and effects of sustainable practices, fostering a better working climate as well, keeping the people more in the company.

If the companies want to be successful in the actual context, where the European Green Deal already touched a lot of industries and made his appearance in more and more processes and activities, they need to embrace new ways of working taking in consideration that sustainability should come first, invest in continuous trainings for the leadership team but not only, reduce environmental impact and improve long-term business resilience.

This study is limited from the geographical point of view, focusing only on employees from companies in Romania, the sample size of which is 131 respondents, and which may not fully represent the diversity of the workforce in Romania. Additionally, most of the respondents had a higher education, meaning that it might not reflect the opinion of other employees with a different education level, and considering that the European Green Deal is evolving continuously, the impact of policy changes that came after the data collection period may not be caught in this study.

Future directions of the present paper could investigate a specific sector, or the integration of technologies such as artificial intelligence and IoT in the management of green practices and activities related to sustainability, but also could follow the same approach but extending the sample of the study where maybe the cultural settings is more complex, providing in this way a deeper understanding of the relationship between the work climate, economic performance and European Green Deal implementation.

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