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EMPLOYEE WELL-BEING AS A STRATEGIC MEDIATOR LINKING SUSTAINABILITY LEADERSHIP AND JOB DEMANDS TO CORPORATE REPUTATION IN OIL PALM INDUSTRY: A CONCEPTUAL INTEGRATION OF JD-R AND SOCIAL EXCHANGE THEORY

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Abstract:
This research paper analyzes the effect of sustainability leadership and job demands on improving corporate reputation in the Malaysian oil Palm plantations sector, with employee well-being as a mediator. In the industry under consideration which operates in tough conditions of growing ESG challenges, knowledge of how internal processes of

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organizations can influence their external reputation is extremely valuable. Based on the combination of JD-R theory and SET, the present study analyzes how sustainability leadership practices (environmental, social, economic, and ethical governance) and job demands (work role overload and regulatory compliance pressure) influence employee well-being and corporate reputation respectively. Quantitative approach to research has been chosen. The data collection was performed from 651 middle management employees of Malaysian plantation companies through purposive sampling. The gathered data was processed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results showed that sustainability leadership had a positive impact on employee well-being whereas job demands negatively influenced it. Employee well-being had a significant impact on corporate reputation and acted as a mediator between sustainability leadership/job demands and corporate reputation. These findings support the proposition that employee well-being is a key psychological and relational link between internal processes and external organizational results. Sustainability leadership and job demand management are crucial factors that need to be employed to enhance employee well-being and organizational reputation. The study adds to theory by bringing together the theories of JD-R and SET, as well as making contributions for practice in plantation companies and policy makers.

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Keyword:
Corporate Reputation, Employee Well-Being, Job Demands-Resources (JD-R), Oil Palm Plantation Industry, Social Exchange Theory (SET), Sustainability Leadership

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Introduction

Oil palm plantation public and private enterprises remain central to the socio-economic fabric of Malaysia as the catalysts of rural growth, infrastructural growth, and national export earnings (Kraus et al., 2022; Sajjad et al., 2023). The extent of plantations is huge with Malaysia producing 19.34 million metric tons of crude palm oil and earning RM109.39 billion from exports only in 2024 (Sajjad et al., 2023). But pressures on performance and reputation due to the global ESG standards, trade policies, and labor rights regulation have increased (Bakker & Demerouti, 2023). Regulator intervention like Withhold Release Orders (WROs) by U.S. Customs and Border Protection for forced labor claims, along with traceability requirements through European Union Deforestation Regulation (EUDR), has made things difficult for plantation companies and damaged their reputation (Cham et al., 2024; Ahmad et al., 2023).

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At the same time, middle management staff working in Malaysian plantation companies work in a highly demanding job setting (Sajjad et al., 2023). The managers, executives, and supervisors of the estates deal with labor shortage problems, increasing man-to-land ratio, and increasing administration tasks related to mandatory certification schemes, such as the improved MSPO 2.0 / MS2530:2022 standard in Malaysia (Ngan et al., 2022). While corporations seek to present themselves externally as sustainable firms through certification schemes, the psychological stress undergone by the middle managers, who are the critical level that implements these standards, is often neglected (Ngan et al., 2022). In this regard, there is still an important explanation gap in organizational research on how internal sustainable leadership practices and external regulatory demands transform into employees' psychological well-being, which will later influence the corporate external reputation (E-Vahdati et al., 2023). Previous studies have often considered either technology or sustainability acceptance as the antecedent to corporate performance, whereas employees' psychological states are usually considered as the outcomes of these processes separately (Ngan et al., 2022).

The current conceptual paper helps fill this gap by viewing Employee Well-Being as a key psychological and relational link between Sustainability Leadership and Job Demands to Corporate Reputation. Through modeling Employee Well-Being as a mediator by theoretically integrating the JD-R model and SET, the proposed model portrays corporate reputation as a result, which is determined not only by the PR activities carried out formally, but through social exchanges, employee advocacy, and organizational legitimacy. Thus, the current paper contributes in three main ways:

It suggests the integration of a theoretical model that combines job demands and structural resources (JD-R) together with social exchange and reciprocity processes (SET) under a unified framework at an individual employee level.

It articulates that Employee Well-Being is the proximal mechanism-based route through which sustainability leadership and stress at work affect corporate reputation externally.
It builds on organizational reputation theory by showing how internal human-centered processes are the underlying base of organizational legitimacy externally.

Literature Review

Corporate Reputation

Reputation of the firm is a multi-dimensional construct, which is viewed as the collective, long-lasting assessments about the organization's trustworthiness, credibility, social responsibility, and value based on its past behavior (E-Vahdati et al., 2023). For industries operating under high scrutiny like the oil palm industry, the concept of corporate reputation is seen to be the core intangible asset that helps ensure market entry, protects them from legitimacy loss during crises, and reduces capital costs (Sajjad et al., 2023). The reputation of the firm is not dependent only on external public relations at the macro level, but now on internal integrity and positive brand advocacy among employees.

Employee Well-Being as the Adjustment and Exchange Mechanism

Well-Being in employees is a multi-faceted psychological construct, characterized by the emotional, occupational, and psychological well-being of the individual, job satisfaction, and

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organizational support (E-Vahdati et al., 2023). For workers operating in high-stress agricultural settings, well-being acts as an important adjustment process (due to unmitigated job demands) and a process of psychological development/motivation (facilitated through organizational resources). Within SET theory, well-being is the positive psychological construct that triggers reciprocated behavior of the employee in terms of organizational citizenship, brand advocacy, and genuine positive external communications for the creation of reputation capital (Ngan et al., 2022).

Sustainability Leadership Dimensions

Sustainability Leadership expands conventional leadership paradigms by integrating environmental stewardship, social equity, economic viability, and ethical governance into strategic decision making (Sajjad et al., 2023):

Environmental Sustainability Practices: Leadership initiatives focusing on zero-deforestation, waste reduction, biodiversity protection, and green technology adoption (Ngan et al., 2022).

Social Sustainability Practices: Leadership behaviors prioritizing fair labor standards, human rights due diligence, equitable compensation, worker housing, and community engagement (E-Vahdati et al., 2023).

Economic Sustainability Practices: Strategies ensuring long-term financial viability, local economic support, transparent market transactions, and downstream value addition (Shahimi et al., 2023).

Ethical Governance Practices: Board accountability, rigorous anti-corruption policies, ethical compliance, and transparent sustainability reporting (Sajjad et al., 2023).

Job Demands

Job Demands encompass the physical, operational, and cognitive stressors inherent in plantation management.

Work Role Overload: Excessive operational duties stemming from labor shortages, expanding span of control, and multi-role administrative requirements imposed on estate middle management (Azman Ismail et al., 2022)

Regulatory and Compliance Demands: Intense administrative burdens, frequent audit preparations, and continuous documentation required under MSPO 2.0, RSPO, and international regulations such as the EUDR (Anggak et al.,2025).

Material and Method

This conceptual paper develops a framework of analysis intended to test how sustainability leadership and job demand affect corporate reputation based on the perspective of employee well-being. The conceptual framework is derived from a synthesis of the JD-R model and SET and is illustrated by means of structural relationships to be empirically tested in future studies. The general framework is shown in Figure 1 below.

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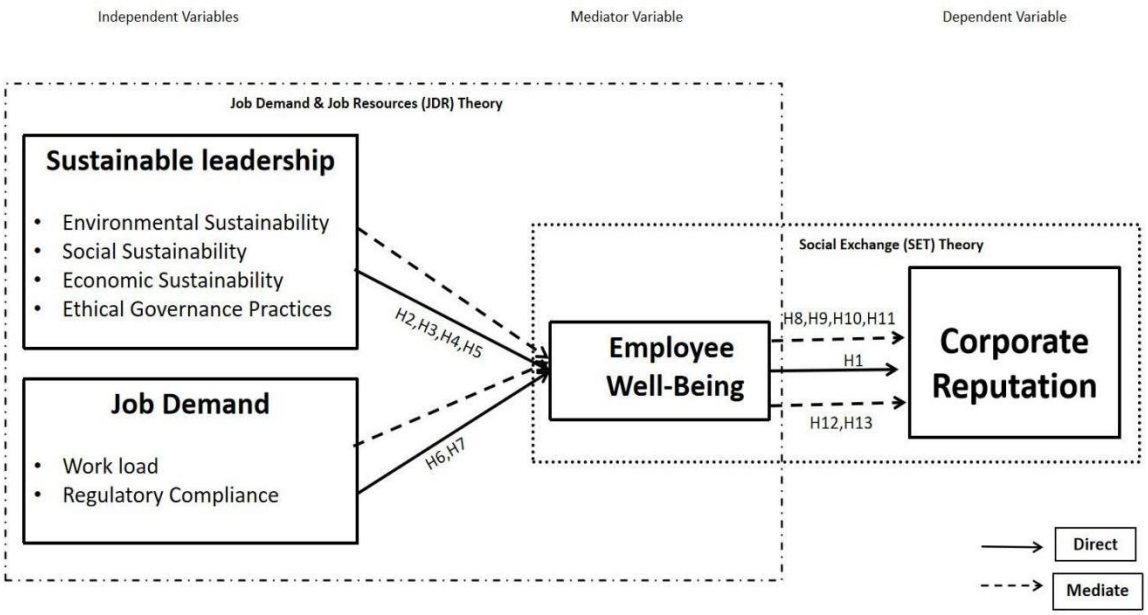


Figure 1: Research Model

Research Design and Data Collection Plan

For the empirical validation of this theory in future research, a quantitative cross-sectional survey approach would be adopted. The study will focus on middle management staff (estates managers, assistant managers, mill executives, and field supervisors) in oil palm plantation firms in Malaysia. These are the people who are at the center of balancing production targets with compliance to ESG principles.

A sample size of N = 651 respondents would be selected via a purposive sampling approach in major plantation areas in Peninsular Malaysia, Sabah, and Sarawak. Data collection would involve the use of questionnaires with proven multi-item Likert scale questions taken from previous studies (e.g., MSPO compliance scales, JD-R well-being scales, and Fombrun's corporate reputation indicators). This data would then be analyzed via Partial Least Squares Structural Equation Modeling (PLS-SEM) through SmartPLS software.

Proposed Propositions / Hypotheses

Based on the integrated JD-R and SET theoretical framework, the following thirteen formal hypotheses are formulated for empirical testing:

H1: Environmental sustainability practices positively affect employee well-being
H2: Social sustainability practices positively affect employee well-being.
H3: Economic sustainability practices positively affect employee well-being.
H1: Environmental sustainability practices positively affect employee well-being
H2: Social sustainability practices positively affect employee well-being.
H3: Economic sustainability practices positively affect employee well-being.
H4: Ethical governance practices positively affect employee well-being.
H5: Work role overload negatively affects employee well-being.
H6: Regulatory and compliance demands negatively affect employee well-being

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H7: Employee well-being positively affects corporate reputation.
H8: Employee well-being mediates the relationship between environmental sustainability practices and corporate reputation.
H9: Employee well-being mediates the relationship between social sustainability practices and corporate reputation.
H10: Employee well-being mediates the relationship between economic sustainability practices and corporate reputation.
H11: Employee well-being mediates the relationship between ethical governance practices and corporate reputation.
H12: Employee well-being mediates the relationship between work role overload and corporate reputation.
H13: Employee well-being mediates the relationship between regulatory, and compliance demands and corporate reputation.

Discussion

The suggested conceptual model represents corporate reputation in scrutiny-intensive agri-businesses by employing a two-way pathway of correspondence and social exchange. Due to the changes that occur in the global value chain, ESG requirements, and updated regulations such as MSPO 2.0 and EUDR that impact plantation activities, middle-management employees become affected by greater role conflict, administrative overload, and operational pressures. Being an intermediary variable, Employee Well-Being becomes a reflection of processing of external and structural input by the organizational members.

Sustainability leadership practices act as important job resources as per the JD-R theory. By integrating ethical governance, environment protection, proper remuneration, and social security in day-to-day activities, leadership acts as a buffer against compliance burnout and operational pressures. From the perspective of Social Exchange Theory, whenever managers realize that the organization truly cares about their psychological well-being and safety at work, they feel compelled to reciprocate by committing themselves to the organization, becoming effective brand ambassadors, and adopting risk mitigation measures. The result is improved stakeholder trust, which acts as strong corporate reputation capital resistant to external audit scrutiny and criticism.

Proposed Framework Improvements & Practical Insights

To optimize the theoretical scope and practical application of this conceptual model prior to empirical deployment, three specific strategic improvements are recommended:

Integration of Digital Compliance Resources as a Moderating Variable: Given the rapid transition toward digital traceability (e.g., geolocation mapping, automated yield tracking, and digital audit logs under MSPO 2.0), incorporating Digital Infrastructure Availability as a moderating resource within the JD-R framework could clarify under what conditions regulatory demands cause the least psychological strain on middle managers

Multilevel Stakeholder Advocacy Metrics: Future empirical operationalization of *Corporate Reputation* should incorporate dual-source evaluation combining internal employee net promoter scores (eNPS) with external buyer/audit sentiment indices to validate whether employee well-being translates equally into internal and external reputation capital

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Targeted Leadership Intervention Programs: From a practical perspective, plantation enterprises should transition from passive compliance to proactive well-being management by establishing "Sustainable Leadership Academies." These programs should train estate managers in burnout prevention, fair delegation, and supportive supervisory behaviors, ensuring that ESG mandates are executed without compromising human capital health**.**

Conclusion

This paper reveals that the reputation of organizations in the oil palm plantation sector in Malaysia depends entirely on internal human dynamics. With the use of the Job Demands-Resources model and Social Exchange Theory, this theoretical framework has shown that structural sustainability leadership (with regard to environmental, social, economic, and ethics governance) and structural job demands (role overload and compliance) influence the reputation of the organization externally through the vital mediation of employee well-being. Essentially, this framework serves as an indicator for plantation managers, government agencies, and certifying authorities to ensure that the organization's reputation is not simply managed through symbolic PR and coercive compliance. Reputation resilience can only be achieved through human-centered ESG measures that safeguard the psychological health of the employees, optimize managerial demands, and facilitate positive social exchange. The next phase of research should focus on empirical validation of this framework using PLS-SEM Structural Equation Modeling across various plantation settings.

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Author Contribution Statement: Zulfadlihusni Bin Mohamad: Conceptualization, theoretical framework integration, literature review synthesis, manuscript drafting, and structural path design.

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