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GREEN HRM: THE STRATEGIC PATH TOWARDS SUSTAINABLE BUSINESS AND RESPONSIBLE EMPLOYEES

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ABSTRACT
Small and medium enterprises in Pakistan gradually face environmental pressures and sustainability challenges that demand effective integration of eco-friendly practices within their operations. However, role of green human resource management in driving sustainable business practices and fostering responsible employee behavior in SMEs remains underexplored. This study investigates the impact of Green HRM practices on sustainable business performance, accenting mediating effect of responsible employee behavior in the SME context of Pakistan. Data were collected through a structured questionnaire administered to 350 employees across the various Pakistani SMEs. The structural equation modeling was employed to assess relationships amid green HRM, employee responsibility and sustainability outcomes. The results demonstrated that green HRM practices significantly enhance employee environmental responsibility, which in turn positively influences sustainable business performance. These findings provide strong empirical support for adopting Green HRM as a strategic tool in Pakistani SMEs to promote environmental stewardship and sustainable growth. The study offers valued theoretical contributions to sustainable HRM literature for the SME managers aiming to align HR policies with the environmental sustainability imperatives.

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INTRODUCTION

With the rising global environmental issues and the increasing regulatory attention, sustainability has become a critical strategic point of interest of organizations in the varied sectors (Sungaile & Stankeviciene, 2024). Climate change, loss of biodiversity and depletion of resources are some of the ecological threats that require firms to reevaluate the environmental impact of their activities.

The transition is particularly relevant to developing economies like Pakistan where rapid growth in industrialization undermines environmental management (Arsalan, Mubin, Mahmud & Perveen, 2025). Small and Medium-sized Enterprises (SMEs) that comprise the majority of Pakistani business environment and provide more than 90 percent of employment opportunities take a central stage in economic growth but leave a significant cumulative environmental impact due to large-scale production, lower compliance, and widespread informality (Razzaque & Khan, 2021). Therefore, integrating sustainability in the business models of SMEs has become a national and international issue. The limited resources and barriers prevent the implementation of expensive environmental technologies and official sustainability reporting, and the internal, strategically oriented approach of green human resource management is therefore especially attractive (Freihat, Qaaida, Huneiti & Abbod, 2024).

Despite the fact that multinational corporations have progressed the institutionalization of Green HRM, its applicability, as well as the processes through which it functions, has not been extensively studied in SMEs, particularly in Global South contexts (Gonzales, Cruz & Parmentier, 2020). Green HRM is a low-cost, behavioral approach to developing environmental awareness in the Pakistani context where resources are scarce and are not regulated much which makes large-scale capital investment difficult. Since the employees participate in role of custodians of organizational values and executors of sustainability initiatives, they are central to this process (Imo, Kiflemariam & Ngui, 2025). In this linking, the responsible employee behaviour has been defined as discretionary behaviour that is in addition to the formal job requirement, and helps to achieve the environmental goals and includes energy conservation, waste minimization, recycling, as well as environmentally informed decision-making. This kind of behaviour is not usually required, but can be cultivated with the regular and consistent HRM practices (Kaur, Arora & Mittal, 2025). Accordingly, the connection between the Green HRM and sustainable business performance is not only policy-based but also behavioral.

The ability to reduce environmental footprint and sustain economic profitability and to contribute to the welfare of the society, is viewed as sustainable business performance in SMEs. These dynamics are scaffolded analytically by such theoretical perspectives as Resource-Based View (RBV) and Ability-Motivation-Opportunity (AMO) model (Gupta, Kaur & Bhat, 2025). The RBV argues that human capital especially when nurtured using strategic HRM is a distinctive and indistinguishable organizational asset that can produce long-term competitive advantage. At the same time, AMO framework assumes that performance is a product of abilities, motivation, and chances of employees (Hooi, Liu & Lin, 2022). Although there has been an increasing discourse on sustainability at the organizational level, empirical research on Green HRM, especially in SMEs of developing countries is still in its infancy. In comparison, Pakistani SMEs are working in environment of resource shortage, lax regulatory presence, and cultural stagnation. These dynamics claim context-sensitive analysis of Green HRM interpretation and implementation and employee experience (Wang, Tang, Zhang, Choi & Phillips, 2025).

Moreover, the processes over which Green HRM can affect sustainability performance, particularly mediating effect of responsible employee behaviour are under-researched and under-theorized. To

get to causal inquiry through quantitative methods is necessary in order to further develop theory and apply it to practice, leaving the descriptive portrait behind (Chen & Cheng, 2021). The current research fills the existing research gaps by investigating as how Green HRM impacts sustainable business performance in the Pakistani SMEs, and that responsible employee behavior is a mediating mechanism. The investigation places the employee responsibility in the foreground and shifts the analysis of policy design to the performance of behavior in analysis because it acknowledges the agency of employees in the co-production of organizational sustainability (Wright, Getta, Green, McNamara, Newman, Pell & Penny, 2021). In addition, the study also expands the RBV and AMO theories to the environmental sphere in context of SMEs, thus adding to the theoretical development of the sustainable HRM. In this connection, such methodological rigor increases the validity of the results and provides the complex picture of the varied research variables (Arsalan, Mubin, Mahmud & Perveen, 2025).

The research problem is based on the fact that little empirical evidence exists on the effect of Green HRM on the sustainable business performance in Pakistani SMEs and behavioral channels. Green HRM has become a prominent policy issue and management literature, but its empirical effect has been mostly speculative without explaining diverse intervening variables and contextual dynamics (Papademetriou, Ragazou, Garefalakis & Passas, 2023). However, the lack of interest or ability to manage the environment by SMEs is often assumed, and this often leaves them out of sustainability efforts (Luo, 2024). The results are vital to scholarly research and to management. To academics, the research offers support to theoretical frameworks that link HRM and sustainability, brings forward responsible employee behavior as key mediating construct can be used to fill the gap in emerging body of knowledge on sustainable HRM by providing insight into mechanisms through which green rules are assumed and realized (Dey, Malesios, Chowdhury, Saha, Budhwar & De, 2022). Within context of weak enforcement of regulatory policy, lack of external incentives, internal motivators, employee engagement and behavioral change are even more important (Bungau, Bungau, Prada & Prada, 2022).

The study offers a distinctive empirical perspective of a developing economy that is facing urgent environmental issues yet is exposed to relatively less academic coverage by locating the research in Pakistan. It brings out the situational problems and opportunities that SMEs face such as cultural attitudes, regulatory loopholes and infrastructural constraints. The current paper complements this knowledge by decomposing behavioral process amid HRM practices and sustainability outcomes (Sobaih, Hasanein & Elshaer, 2020). Finally, the research aims at filling theoretical, empirical, and practical gaps in the area of sustainable HRM as organizational asset that can produce long-term competitive advantage. In this connection, it offers a model of the relationship between Green HRM practices and sustainable business performance mediated by the responsible employee behavior, which has been tested within the Pakistani SMEs. The study addresses the existing literature gaps and provides policy implications to the SMEs that need to integrate sustainability into their core business. In this linking, the study prioritizes the human aspect of environmental management and potential of HRM to transform vision and mission of sustainability by putting employee behavior into the forefront.

LITERATURE REVIEW

The current research is theoretically grounded by two landmark contributions of strategic human resource management and organizational behavior, namely Resource-Based View (RBV) of firm and Ability-Motivation-Opportunity (AMO) framework. The RBV asserts that companies achieve sustainable competitive advantages by leveraging on the unique, valuable, and inimitable internal resources; human capital being one of them. Employees with green skills and pro-environmentally motivated employees are strategic resources in the case of environmental stewardship (Omarova & Jo, 2022). Green human resource management translates this resource-based logic into practice by integrating environmental concerns into the HR system as a whole, and thus turning employees into sustainability heroes. Along with this, AMO framework assumes that the performance of employees depends on their ability (A), motivation (M), and opportunity (O) to perform. All these frameworks together provide a strong theoretical framework through which one can analyze how Green HRM influences employee behaviour and thus sustainable business performance, especially in resource-constrained and institutionally weak small and medium-sized enterprises in developing economies (Alfadel et al., 2025).

The claim that Green HRM plays a critical role in sustainability gains more and empirical support. An increasing amount of literature shows that green recruitment and selection processes appeal to environmentally conscious workers whose values are compatible with sustainability objectives of the corporations. The green training and development programs have been found to enhance the knowledge, attitudes and skills of employees in terms of environmental protection hence increasing their ability to participate in environmental friendly behaviors at workplace (Alfadel et al., 2025). A number of studies have shown that green performance management systems, which involve the inclusion of environmental measures in the appraisal and feedback process, have a strong effect on employee responsibility and behavioral transformation (Nasir et al., 2023). The recent research has emphasized the mediating influence of employee behavior in the transformation of Green HRM into organizational sustainability outcomes. Researchers discover that Green HRM instills psychological ownership, commitment, motivation and responsibility in their employees that in turn contribute toward voluntary environmental actions such as energy conservation, recycling and eco-innovation (Lee & Jin, 2023).

The investigations in various industries such as manufacturing, services, and public institutions have unanimously emphasized upon the aspect of responsible employee behavior as the channel through which Green HRM can affect the environmental and operational performance (Algarni et al., 2023). Though these are inspiring results, research upon Green HRM is still scattered and disproportionate with regard to large companies in the developed economies. This gap is important since SMEs, even though they are small on their own, they contribute to environmental degradation in large numbers and they are unable to invest in the formal sustainability programs due to the lack of financial and technical resources, which makes employee-driven initiatives even more important (Cohen et al., 2025). In Pakistan, the available studies do not focus on the behavioral processes through which HRM is related to sustainability or they consider employee behavior as a consequence and not a mediating process. Therefore, the causal mechanisms by which Green HRM leads to the sustainable

business performance in the Pakistani SMEs are under-theorized and under-explored. Therefore, the other major gap is lack of focus on contextual and cultural variables which moderate effectiveness of the Green HRM.

Socio-cultural norms and organizational hierarchies, and informal practices, tend to mediate the implementation of HR policies in developing countries such as Pakistan. Top-down environmental management can be met with resistance in case it is considered to be incompatible with working environment or fails to reflect the reality of employees (Rubel et al., 2021). It also fits with demands of pragmatic, context-responsive sustainability research that is not limited to Western corporate experience. Exploring the topic of Green HRM in Pakistani SMEs in context of responsible employee behavior, thus, provides the theoretical enrichment as well as practical interest (Perez et al., 2023). Moreover, sustainable business performance is not unidimensional and includes environmental and social indicators other than profitability. However, the majority of the empirical research has a very limited scope and only focuses on economic results, disregarding the sustainability consequences of HR practices (Sainis et al., 2022). Moreover, it takes into account the peculiarities of organizational structure of SMEs like flat hierarchies, informal structure, and strong relations between employees and employers, which can both support as well as undermine the success of Green HRM practices (Raoofian et al., 2025).

The connection between green human resource management and responsible employee behavior can be explained using psychological and organizational behavior theory as empirical evidence suggests. The Green HRM has an impact on these antecedents, including the development of a pro-environmental organizational climate, the display of managerial commitment to sustainability, the provision of the necessary resources, and autonomy to act responsibly (Ojo et al., 2022). When the employees feel that the company respects the environment and is willing to invest in them in terms of green HR practices, they are more likely to exhibit responsible behavior that would benefit both the organization and the society. All these theoretical approaches highlight the need to integrate HRM systems with larger environmental goals to achieve any significant behavioral change (Chen et al., 2021). In order to study such dynamics, this paper theorizes Green HRM as multidimensional construct that includes the green recruitment and selection, green training and development, green performance management. Sustainable business performance refers to the ability of organization to meet economic goals without negative environmental impact and enhancement of social welfare (Andersson et al., 2022).

Based on resource-based view (RBV) and analytic model of objectives (AMO) theories, hypothesis is that Green HRM positively improves sustainable business performance directly and indirectly with the help of the mediator of responsible employee behavior. It is upon this theoretical background and empirical evidence that following hypotheses inform the current analysis. Second, they suggest that Green HRM has a positive impact on the responsible employee behavior. This claim is based on fact that green HR systems will establish an enabling environment that facilitates environmentally responsible attitudes and behavior among employees (Fawehinmi, Yusliza, Mohamad, et al., 2020). Third, a hypothesis is that the responsible behavior of the employees has a positive and significant influence upon sustainable business performance. Lastly, the hypothesis is that connection between

Green HRM and sustainable business performance is mediated by responsible employee behavior, which means that the impact of HRM on the sustainability is passed through the engagement of the employees in the form of responsible behaviors. These hypotheses are empirically validated in the strong framework which reflects the complexity and interdependence of variables being studied (Gupta & Jaiswal, 2025).

RESEARCH METHODOLOGY

The current study has the quantitative, cross-sectional study design, which aims to examine how Green HRM practices affect sustainable business performance in small and medium enterprises (SMEs) in Pakistan, and responsible employee behavior as a mediating factor. The following reasons justify the selection of a quantitative strategy: (a) the researcher will be able to identify statistically significant relationships among the study variables, test causal pathways using structural equation modeling; (b) possible to collect data on a large sample; and (c) inferential statistical techniques used to prove hypotheses (Sohail et al., 2022). The study takes up positivist philosophical approach where reality is considered objective and measurable and knowledge be generated by empirical observation and logical analysis. Such orientation justifies application of survey methodology and the employment of structured tools, which facilitates the replicability as well as generalizability of results within the target population (Sohail et al., 2023). The target population is the employees of SMEs of various sectors in Pakistan. The choice of SMEs was based on the fact that they form a big percentage of business enterprises in country and they have recently been faced with increasing environmental challenges.

Due to the significant contribution of SMEs to employment and GDP, the current study explaining inner sustainability processes functioning in these organizations is quite topical and topical (Aureli et al., 2023). The target respondents in each SME were employees at different organizational levels who either directly partake in HR and sustainability activities at least know about such activities. This incorporation of employees as the main informants is aligned to the conceptual framework of the study that emphasizes on behavioral translation of organizational policies into sustainability results (Alwali & Alwali, 2025). A stratified random sampling process was embraced to choose 350 employees. To attain sectoral variation and to increase external validity, stratification was applied and simple random sampling was used within the strata to select firms and participants. This plan produced sample size that is big enough to follow power analysis advice of PLS-SEM, which specifies 10 respondents per parameter minimal sample to ensure valid estimation and power. The research instrument was ordered self-administered survey that was set to gauge constructs of Green HRM, responsible employee behavior, and sustainable business performance (Fawehinmi, Yusliza, Wan Kasim, et al., 2020).

The questionnaire was based on the validated measures applied in previous research studies, but contextual adaptation to the Pakistani SME context. It had four key parts including demographic details, Green HRM practices, employee environment responsibility and sustainability performance results. The measurement of the response items was done on a five-point Likert scale where the choices were strongly disagreed, disagree, neither agree nor disagree, agree, and strongly agree, thus reflecting level of perceptions of respondents (Bourke et al., 2025). To check comprehension,

relevance and context applicability, the questionnaire was pretested on a small group of the SME employees, and minor revisions were made in relation to wording. The last version was sent to the firms in the printed copies and electronically through email and internet, depending on the firm preference (Guo & Xu, 2021). The Partial Least Squares Structural Equation Modeling (PLS-SEM) was used to analyze data with the SmartPLS software. In this drive, the choice of PLS-SEM was made due to the appropriateness of the method to exploratory studies, its capability of managing large, multidimensional models, as well as the possibility to analyze the datasets that are non-normal. The analysis was done in two steps. During the first step, reliability and validity of the measurement model was tested.

The reliability was determined through indicator reliability, internal consistency (Cronbach alpha and composite reliability), convergent validity (average variance extracted), and discriminant validity using Fornell Larcker criterion and HTMT ratio (Kamarudin et al., 2024). During the second phase, the structural model was evaluated over testing hypothesized relationships amid constructs. The strength and significance of relationships were determined over path coefficients, R 2 values, and effect sizes f 2 to produce confidence intervals and test mediation effects using bootstrapping 5,000 resamples (Jollineau & Bowen, 2023). Ethics were considered during the research process to protect the integrity and credibility of research. The study was voluntary, and all the respondents were informed before they were asked to participate in study. The aim of study and the academic nature of the study were well explained and participants were given the freedom to withdraw at any time without any punishment. The project was approved by corresponding institutional review board and all the data were kept in securely password-protected systems with limited access to the research team only, complying with existing ethical standards and ensuring the rights and dignity of every participant.

RESULTS OF STUDY

Table 1 Reliability Analysis

	CA	RHO_A	CR	AVE
Green Performance Management	0.8378	0.8356	0.8829	0.5609
Green Recruitment and Selection	0.8058	0.8241	0.8593	0.5041
Green Training and Development	0.7073	0.7127	0.7935	0.5001
Responsible Employee Behavior	0.7099	0.7137	0.8027	0.5084
Sustainable Business Performance	0.71	0.7573	0.7974	0.5565

All the constructs were within the range of acceptable standards of the reliability and convergent validity of measurement model. The values of Cronbach Alpha ranged between 0.7073 and 0.8378 which implies that the internal consistency is satisfactory. Additionally, rho\TRANLATE_A and Composite Reliability (CR) values of all constructs were above minimum cut off of 0.7 indicating construct reliability. All the values of Average Variance Extracted (AVE) exceeded 0.50 which is the requirement of convergent validity and implies that the indicators explained more than 50 % of the variance. Green Performance Management had highest reliability (CR = 0.8829), and Green Training and Development and Responsible Employee Behavior had thus lowest, which is still

acceptable (CR 0.79). Together, the indicators were reliable in measurement of their corresponding latent constructs.

Table 2 Fornel Larker- Validity

	[1]	[2]	[3]	[4]	[5]
Green Performance Management [1]	0.749				
Green Recruitment and Selection [2]	0.5318	0.6885			
Green Training and Development [3]	0.145	0.2463	0.6001		
Responsible Employee Behavior [4]	0.5154	0.6433	0.3011	0.639	
Sustainable Business Performance [5]	0.4428	0.4004	0.3553	0.4017	0.597

The criterion of Fornell Larcker given in table below is applied to establish discriminant validity in the measurement model. The diagonal elements are square roots of Average Variance Extracted (AVE) of each construct, and off-diagonal elements measure bivariate correlations. Discriminant validity is achieved when the square root of the AVE (diagonal) of each construct is higher than the correlations of construct with any other construct (off-diagonal). In this table, all the constructs meet the criterion: square root of AVE of Green Performance Management, e.g., is 0.749, which exceeds its correlations with rest of constructs (e.g., 0.5318 with Green Recruitment, Selection and 0.4428 with Sustainable Business Performance). These results show that discriminant validity is adequate in all the constructs.

Table 3 HTMT Validity

	[1]	[2]	[3]	[4]	[5]
Green Recruitment and Selection [2]	0.6598				
Green Training and Development [3]	0.185	0.3262			
Responsible Employee Behavior [4]	0.6099	0.7969	0.4338		
Sustainable Business Performance [5]	0.5424	0.5132	0.503	0.5331	

The correlations of latent variables are presented in above table, which explains the direction and magnitude of the relationships between the constructs. Green Recruitment and Selection has a very high positive correlation with the responsible employee behavior (r = 0.7969) and this means that environmentally-oriented hiring processes are highly linked to responsible conduct of employees. The same, but in lesser degree, can be seen in case of the relationship between green performance management and responsible employee behavior (r = 0.6099); this moderate correlation highlights a significant, but not as strong, relationship. The sustainable business performance has moderate correlations with all the remaining constructs, with the largest correlations with green performance management (r = 0.5424) and green recruitment (r = 0.5132) thus indicating that the green HRM practices have a positive influence on sustainable results. The lowest correlations occur between green training and development and other constructs, especially GPM (r = 0.185), which is indicator of a rather low direct relationship. Overall, there are positive relationships between correlations, key connective construct amid green HRM practices and sustainable performance is the responsible employee behavior.

Table 4 Outer Loadings

	GPM	GRS	GTD	REB	SBP
GPM1	0.5459				
GPM2	0.793				
GPM3	0.8009				
GPM4	0.7967				
GPM5	0.8235				
GPM6	0.696				
GRS1		0.7867			
GRS2		0.6433			
GRS3		0.6734			
GRS4		0.797			
GRS5		0.8229			
GRS6		0.5238			
GRS7		0.4957			
GTD1			0.6909		
GTD2			0.4499		
GTD3			0.4788		
GTD4			0.6299		
GTD5			0.5798		
GTD6			0.5936		
GTD7			0.7257		

Table 4A Outer Loadings

	GPM	GRS	GTD	REB	SBP
REB1				0.715	
REB2				0.6736	
REB3				0.493	
REB4				0.7287	
REB5				0.6343	
REB6				0.5556	
SBP1					0.0366
SBP2					0.6372
SBP3					0.64
SBP4					0.597
SBP5					0.6436
SBP6					0.643
SBP7					0.6421
SBP8					0.6622

The table below illustrates the external loadings of measurement items to the corresponding latent construct, determining how well each indicator reflects its underlying variable. Most of the items have a value that is above traditional standard of 0.60 and thus, they suggest reasonable reliability as indicators. In the Green Performance Management (GPM) scale, the loading of all items (GPM2, GPM3, GPM4, GPM5, and GPM6) is above 0.69, but GPM1 has a slightly lower loading value, 0.5459,

which should be systematically considered to delete the item to improve construct reliability. The external loadings of Green Recruitment and Selection (GRS) items are generally high, except GRS6 (0.5238) and GRS7 (0.4957) which are below the desirable level and thus can be detrimental to the measurement of construct. The Green training and development (GTD) scale showcases moderate to high external loading, with the strongest being GTD1 (0.6909) and GTD7 (0.7257), indicating a good construct measurement.

Figure 1 Measurement Model

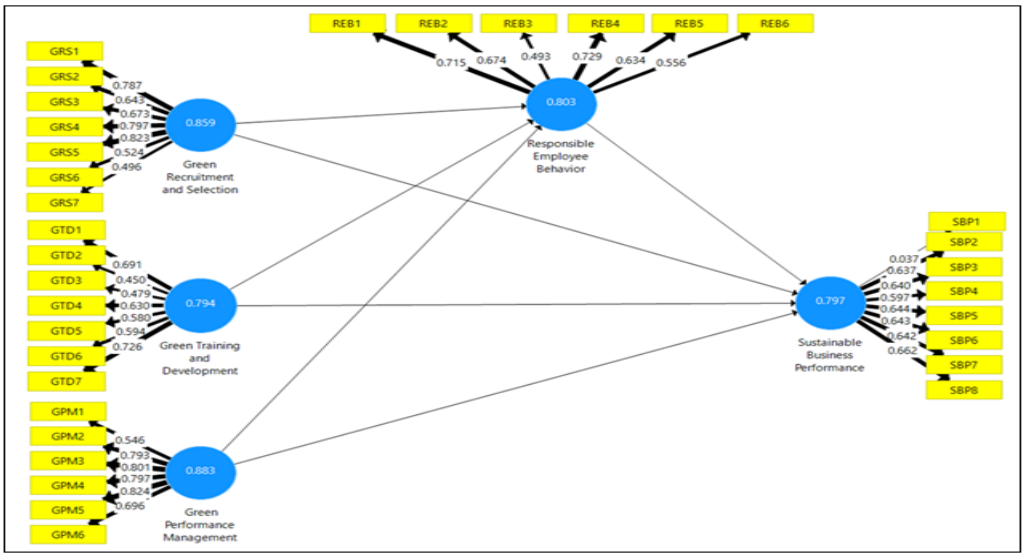

Table 5 SEM-Direct Effect

	OS	SM	SD	TS	PV
Green Performance Management -> Responsible Employee Behavior	0.2387	0.2356	0.0383	6.2248	0
Green Performance Management -> Sustainable Business Performance	0.2919	0.2919	0.0438	6.6637	0
Green Recruitment and Selection -> Responsible Employee Behavior	0.4799	0.4797	0.0452	10.6211	0
Green Recruitment and Selection -> Sustainable Business Performance	0.1198	0.1171	0.0515	2.3256	0.0202
Green Training and Development -> Responsible Employee Behavior	0.1483	0.1524	0.0334	4.4368	0
Green Training and Development -> Sustainable Business Performance	0.2541	0.2558	0.0343	7.4116	0
Responsible Employee Behavior -> Sustainable Business Performance	0.0977	0.0968	0.0479	2.0378	0.0418

All hypothesized associations are statistically significant and supported by the structural model analysis with p -values less than 0.05. Green Recruitment and Selection has the greatest positive

impact on Responsible Employee Behavior (beta = 0.4799, t = 10.6211), then Green Performance Management (beta = 0.2387, t = 6.2248) and Green Training and Development (beta = 0.1483, t = 4.4368), thus proving that green HRM practices significantly contribute to responsible employee behavior. Green Performance Management (Green Performance Management (Beta= 0.2919, t = 6.6637)) and Green Training and Development (Green Training and Development (Beta=0.2541, t = 7.4116)) have moderate to highly significant effects on the Sustainable Business Performance, as per their direct impact.

Figure 2 Structural Equational Model

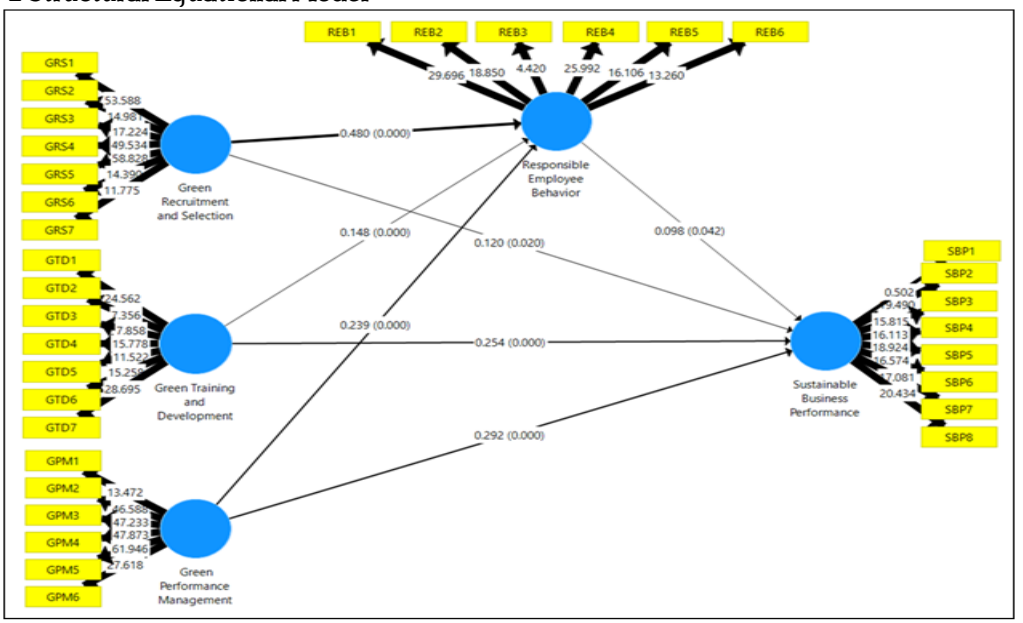

Table 6 Mediation Analysis

	OS	SM	SD	TS	PV
Green Performance Management -> Responsible Employee Behavior -> Sustainable Business Performance	0.0233	0.0228	0.0124	2.0802	0.0407
Green Recruitment and Selection -> Responsible Employee Behavior -> Sustainable Business Performance	0.0469	0.0463	0.0246	2.9046	0.0274
Green Training and Development -> Responsible Employee Behavior -> Sustainable Business Performance	0.0545	0.0143	0.0076	3.9125	0.0164

The mediation analysis establishes that Responsible Employee Behavior has systematic mediating role in the relationships among three green Human Resource Management (HRM) practices and Sustainable Business Performance. The REB mediates relationship between GPM and the outcome variable, with the indirect effect being statistically significant (beta=0.0233, t = 2.0802, p = 0.0407), which means that the mediating role is rather small but significant. Similarly, Green Recruitment and Selection show a strong indirect effect (beta = 0.0469, t = 2.9046, p = 0.0274), which indicates that responsible behavior is a relevant pathway through which recruitment practices can lead to

sustainability outcomes. It is important to note that GTD has the highest indirect effect (0.0545, t = 3.9125, p = 0.0164) which implies that employee behavior plays a central role in the translation of training interventions into sustainable performance improvement. Taken together, the results indicate partial mediation, which highlights Responsible Employee Behavior as one of the primary processes that explain the association between the green HRM initiatives tighter with the better sustainability performance.

DISCUSSION

This empirical study offers new knowledge on how Green Human Resource Management (Green HRM) practices bring about sustainable business performance with special emphasis on mediating role of responsible employee behaviour. The findings reveal that the Green HRM practices have a significant impact on sustainable business performance, hence, confirming theoretical assumptions based on the RBV and Ability-Motivation-Opportunity model (Badwy et al., 2025). These results prove that SMEs can effectively utilize their human resource systems to promote the sustainability through instilling green values in recruitment, training, performance management, and rewards system. In addition, strong and positive correlation between Green HRM and responsible employee behaviour proves that these practices are not symbolic acts but proactive in thus influencing the environmental awareness and behaviour of employees. When recruiting employees, it is likely that those employees will be recruited based on the values of sustainability, and therefore trained on environmental practices and also motivated towards sustainability related performance (Gyurák Babeľová et al., 2020).

It offers empirical support to the argument that sustainability needs to be incorporated into core HR functions not as a side issue or optional project but as a core part of organizational strategy. Notably, the analysis shows that the relationship between Green HRM and sustainable business performance is mediated by responsible employee behaviour. This mediating effect is important to point out the behavioral channel through which HR policies are converted to real sustainability results. Instead of envisaging sustainability as a one-sided product of managerial action, the study highlights the importance of individual workers as the agents of environmental change. The policy implications of the findings are that findings can support the advocacy of HR-based sustainability approaches at the SMEs, which is often ignored in national environmental planning. Overall, the evidence suggests that Green HRM enables the achievement of sustainable business performance through mediating responsible employee behaviour in the Pakistani SMEs, confirming once again that the employees are proactive agents of sustainability who assist in transforming the organizational vision into the operational reality.

The paper, thus, highlights the necessity of a behavioral-systems approach towards sustainability that clearly acknowledges key importance of human capital. Employees are operational enablers transforming organizational policies into day-to-day practices including the resource conservation, waste minimization and adherence to environmental rules (Sethumadhavan et al., 2025). Such behaviour increases the ability of the firm to reduce the environmental risks, satisfy regulatory requirements and create a reputation of a responsible corporate citizen, all of which are related to long-term sustainability performance. It is upon theoretical background and empirical evidence

that following hypotheses inform the current analysis. Second, they suggest that Green HRM has a positive impact on the responsible employee behavior. These findings do not only support the conceptual interconnections postulated in the theoretical model but also broaden the knowledge of Green HRM, by empirically proving the mediating effect of the behaviour in a developing country context, wherein the institutional support towards the sustainability is frequently poor or lacking (Ahmed et al., 2024).

CONCLUSION

The results contribute to current body of knowledge on sustainable human resource management by proving the effectiveness of Green HRM in the less explored field of Pakistani SMEs. In spite of fact that large firms could have sophisticated technologies and capital to invest in the environment, SMEs often have to work under the limitations of resources and depend more on their internal human capacities to become sustainable. The research shows that despite these limitations, Green HRM could still be used as significant force of change when workforce is engaged and empowered. This finding is of special importance to policy makers and SME owners who can underrate strategic role of HRM in furthering the objectives of sustainability. This three-way relationship is important in highlighting the importance of holistic approach to sustainability, where organizational systems, individual behaviour and business outcomes are connected. The paper supports perception that sustainability is an evolving process and it relies on compatibility between organizational purpose and personal activity. In case of SMEs in Pakistan where environmental regulations might not be strongly enforced, role of employees is even important in closing gap amid policy and practice. Employees can use their actions to bring about incremental change that results in environmental difference in long-run.

Recommendation

A number of practical recommendations to SME managers and practitioners are given. To begin with, Green HRM is supposed to be injected in all the steps of the HRM process, which starts with recruitment and ends with retention. The recruitment of people who appreciate sustainability and have minimum environmental awareness creates basis of a responsible culture. Second, continuous training and development programs focusing on environmental management be institutionalized to keep on developing capacity and engagement of employees. Such programmes ought to go beyond technical skills to instill pro-environmental attitudes and intrinsic motivation. Third, performance appraisal and reward schemes should be designed to include environmental performance measures to support green behaviour and demonstrate organizational commitment towards sustainability. The rewards and rewards, even non-financial, can be strong force in maintaining employee interest in green practices.

The current paper contributes to the current body of knowledge on the Green HRM by providing empirical evidence on the mediating effect of responsible employee behaviour in a developing country. By so doing, it expands the resource-based view and the AMO framework by explaining how they can be theoretically applied to environmental sustainability in small and medium-sized enterprises (SMEs). The results provide a behavioral approach that envisages the conceptualization of sustainability as the result of day-to-day organizational activities and not the formal systems

alone. Practically, the research indicates strategic importance of human resource management in attaining the goals of sustainability and recommends that even companies with resource limitations can achieve significant levels by harmonizing employee practices with environmental concerns. By integrating green values into HR systems, SMEs will be able to create environmental performance, as well as develop resilience and competitiveness within the competitive market that is becoming sustainability-oriented.

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