From Green Hiring to Green Habits: Examining Green Transformational Leadership Mediation Between Green Talent Management and Sustainable Business Performance in the Software Industry of Pakistan

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Abstract

This study explores the growing pressure on the software industry in Pakistan and how it can achieve growth while aligning with environmental sustainability initiatives, but there is little empirical data on how green human resource practices in business translate into sustainable business performance. This paper builds on the Resource-Based View (RBV) and Ability-Motivation-Opportunity (AMO) theory, which focuses on the impact of Green Talent Management (GTM), which has two parts: Green Hard Talent Management (GHTM) (e.g., green recruitment, selection, training, performance appraisal, and rewards) and Green Soft Talent Management (GSTM) (e.g., values-based development, employee engagement, green commitment, and empowerment) on the Sustainable Business Performance (SBP) in the software industry of Pakistan. The mediated model suggests that Green Transformational Leadership (GTL) is a behavioral and motivational process that links Green Hard Talent Management and Green Soft Talent Management to Sustainable Business Performance, and that the controlled variables Work Environment and Organizational Culture affect sustainable business performance. Based on survey data collected from employees and managers in software companies in Pakistan and estimated using structural equation modeling, the framework hypothesizes that GTM facilitates the relationship between SBP and the development of green capabilities, promotes green abilities among employees, and motivates and creates opportunities at the workplace. The research provides a theoretical contribution by synthesizing RBV and AMO to find the relationship between GTM and sustainable business performance and sheds light on the mediating role of green transformational leadership by translating sustainability results. In practice, the findings should help software companies in Pakistan design a balanced green hard and soft talent system and a transformational

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green leadership, which can enhance sustainable performance in the long run.

Keywords: ***Green Talent Management, Green Transformational Leadership, Sustainable Business Performance, Work Environment, Organizational Culture.***
JEL Classification: M12, M51, M54, J24

INTRODUCTION

The concept of Green Talent Management (GTM) has been introduced to address the need to attract, develop, and retain employees committed to environmentally sustainable practices, as well as the increasing importance of sustainability in organizational operations (Jabbour et al., 2017). Since companies are being pressured by regulatory bodies and consumers to adopt sustainability-friendly practices, the role of talent management in facilitating this shift becomes essential (Renwick et al., 2013). Green Talent Management can be divided into two main areas: Green Hard Talent Management (GHTM), which focuses on technical skills and competencies necessary for sustainable practices, and Green Soft Talent Management (GSTM), which centers on fostering behavioral competencies and an organizational culture centered on employee engagement (Renwick et al., 2013; Jabbour et al., 2017). This research examines the impact of these two aspects of Green Talent Management on Sustainable Business Performance (SBP) within the Pakistani software industry. The study examines how Green Transformational Leadership (GTL) mediates the relationships among GHTM, GSTM, and SBP. GTL is a leadership style that emphasizes motivating employees to achieve high standards of environmental performance and aligning them with an organization's sustainability objectives (Shen and Benson, 2016). The research investigates the influence of GTM on SBP, with GTL acting as the mediator, offering organizations a way to leverage both internal factors and human capital to achieve long-term success and sustainability (Barney, 1991; Jiang et al., 2012). The urgency for businesses to adopt sustainable practices has never been greater, driven by escalating environmental challenges, evolving regulatory conditions, and shifts in consumer demand. As pressure builds across industries to incorporate sustainability into their operations, the software sector—characterized by rapid growth and technological innovation—has also been prompted to reassess its environmental practices. The concept of sustainable business performance (SBP) is increasingly vital because companies are no longer expected to focus solely on economic outcomes but also to act responsibly, socially, and environmentally (Al-Romeedy, El-Baz, and Hammad, 2025). This rising focus on sustainability necessitates the development of new business models that integrate green human resource management (GHRM) with talent management, playing a pivotal role in driving organizational change. Green talent management (GTM) refers to the strategies organizations use to hire, develop, and retain employees with the skills and behaviors needed to meet sustainability goals (Fasih & Ahmed, 2025). While the importance of GTM has been acknowledged across sectors, research on its application in the software industry, particularly in emerging markets such as Pakistan, remains limited.

Past research has primarily focused on developed economies, leaving a research gap regarding how software firms in emerging markets leverage green talent to promote

sustainability (Zhao and Wu, 2025). Additionally, the literature has primarily examined green hard skills (competencies related to environmental sustainability) and green soft skills (attitudes and behaviors supporting environmental sustainability) separately, without exploring how these two aspects can interact within an organizational environment. Although green transformational leadership is recognized as a key factor influencing sustainable practices (Brown and Hsu, 2025), its mediating role in green talent management and business performance remains underexplored, especially in the software industry. Addressing these gaps, this study investigates how green hard and green soft talent management influence sustainable business performance in the Pakistani software sector. While some literature discusses green talent management, few studies have explored the synergistic effect of hard and soft skills on organizational sustainability, particularly in emerging markets. Furthermore, the roles of the Resource-Based View (RBV) and AMO Theory in explaining the effectiveness of green HR practices have been less examined in the software industry. With green transformational leadership as a mediating factor, this research aims to fill an important gap in understanding how organizational leadership can enhance the relationship between green talent management practices and business performance. The findings are expected to contribute both theoretically and practically to green HRM, providing a framework for software companies in emerging economies to leverage their green talent to achieve better sustainability outcomes.

Objectives

The following are the study's objectives.

- To examine the effects of Green Hard Talent Management (GHTM) on Sustainable Business Performance (SBP).
- To determine how Green Soft Talent Management (GSTM) is connected to Sustainable Business Performance (SBP).
- To investigate the mediating effect of Green Transformational Leadership (GTL) between GHTM, GSTM, and SBP.
- To examine the relationship between GTM and SBP when Work Environment and Organizational Culture are used as control variables.

Problem Statement

The software sector in Pakistan faces a significant challenge in aligning human resource management practices with sustainability objectives. Although there is an increased focus on green practices, the role of Green Talent Management within organizational strategy has received little study, particularly in knowledge-intensive industries such as software development (Renwick et al., 2013). Although Green Hard Talent Management (GHTM) and Green Soft Talent Management (GSTM) are essential elements of sustainable business practices, their relationship with Sustainable Business Performance (SBP) has not been thoroughly explored, particularly in the software industry in Pakistan (Jabbour et al., 2017). Moreover, empirical research on Green Transformational Leadership (GTL) as a mediator of these relationships has not been done (Shen and Benson, 2016). This research gap in the literature necessitates more insight into how the software industry organizations can use GTM to enhance SBP. Although the current literature has revealed the relevance of GTM in environmental management (Jackson et al., 2011), no extensive research has examined its direct and indirect impacts on SBP in developing economies such as Pakistan. The study will address this gap by presenting

empirical data on the effects of GTM practices on SBP, mediated by GTL, in the software industry (Hossain et al., 2021). The paper will also examine how the Work Environment and Organizational Culture are the controlled variables of the relationship between GTM and SBP (Kramar, 2014; Jabbour et al., 2017).

Scope of the Study

The study is conducted in the software sector in Pakistan, where the growing interest in sustainable business is essential for organizational success. With the development of the software industry, Green Talent Management (GTM) should be considered within human resource approaches to provide firms with a competitive advantage in relation to Sustainable Business Performance (SBP) (Hossain et al., 2021). The research questions how the practices within the Green Talent Management (including Green Hard and Green Soft Talent Management) can contribute to the Sustainable Business Performance. The research focuses on Green Transformational Leadership as a mediating variable, examining how leadership can contribute to the outcomes of GTM in terms of sustainability (Shen and Benson, 2016). Moreover, the research balances the impact of Work Environment and Organizational Culture, as these two variables significantly influence staff behavior and organizational performance in the sustainability sphere (Kramar, 2014; Jackson et al., 2011). This study applies to organizations in the Pakistani software industry, where environmental consciousness is becoming increasingly popular, though empirical studies correlating GTM practices with business performance remain scarce. Thus, the research is part of the expanding literature on Green HRM practices and their correlation with the sustainability of organizations operating in emerging economies (Hossain et al., 2021; Jabbour et al., 2017).

LITERATURE REVIEW

Sustainable business performance as a strategic outcome

Sustainable business performance (SBP) has become a strategic element of long-term value, especially in sectors where environmental issues are particularly important. Recent research claims that SBP is neither merely about financial accomplishments nor about achieving a balance among economic, environmental, and social objectives (Al-Romeedy, El-Baz, and Hammad, 2025). The sustainable practices enjoyed by organizations result in competitive advantages through enhanced resource efficiency, innovation, and stronger brand image. As an example, Vazquez and Silva (2025) point out that SBP is a multidimensional construct, which demands that firms not only transform technological but also organizational culture to achieve sustainability goals. These innovations have been closely aligned with stakeholders' interests, which increases performance and market share in the long run. Moreover, Thompson and Lee (2025) demonstrate that the adoption of sustainability by the strategic core of software companies in Pakistan has had a direct effect on overall organizational performance, including employee satisfaction and customer loyalty. Sustainable business performance (SBP) is an indication of how an organization can attain economic success without at the same time deteriorating environmental and social performance (or at least not causing it to deteriorate) (Elkington, 1997; Dyllick and Hockerts, 2002). The triangle-bottom-line school of thought contends that the success of organizations should be measured by integrated performance across people, planet, and profit, rather than just financial performance (Elkington, 1997). Dyllick and Hockerts

(2002) also point out that corporate sustainability involves integrating economic, environmental, and social capital into the firm's strategy and operations, rather than treating sustainability as an incidental CSR program. SBP is influenced in both fast-growing knowledge-intensive companies not only by physical resources but also by intangible organizational capabilities, in particular, by human capital, leadership, and organizational systems (Barney, 1991). With the growing demand for sustainability in the market and among stakeholders, SBP becomes more strongly associated with internal implementation capacity, how well the firms create people and routines that will consistently produce eco-effective operations, trust of their stakeholders, and resiliency in the long term (Hart, 1995; Dyllick and Hockerts, 2002).

Green Hard and Green Soft Talent Management

A major idea in this field is recognizing that green talent management is not a unitary practice. Rather, it is practically split into two complementary dimensions: green hard talent management (GHTM) and green soft talent management (GSTM). Green hard talent management denotes institutionalized, mechanized processes that incorporate environmental priorities into systematized HR practices, such as green criteria in recruitment and selection, institutionalized green training, appraisal systems, and reward systems that reinforce green goals (Renwick et al., 2013; Jackson et al., 2011). Green talent management (GTM) is a key component in ensuring organizations have the right human resources to carry out sustainability initiatives effectively. Green hard talent management focuses on technical competencies and skills directly related to environmental management, whereas green soft talent management focuses on behaviors, values, and motivations conducive to a sustainable organizational culture (Fasih and Ahmed, 2025). Recent research by Zhao and Wu (2025) and Singh and Kumar (2025) also supports the notion that green hard and soft talent management practices are complementary and lead to improved organizational innovation and sustainability outcomes. Green hard skills, such as knowledge of carbon footprint management, waste reduction methods, and environmental compliance, are vital to operational success, whereas green soft skills, such as leadership commitment to sustainability, employee involvement, and cultural alignment, are key contributors to long-term green performance (Mohammad & Rehman, 2025). This is a two-fold strategy to enhance the firm's ability to achieve sustainable results, integrating both the technical and behavioral facets of sustainability into the organization's human resource practices. The practices establish coherence, responsibility, and targets, fostering uniformity within the organization. The green soft talent management is a mirror of relationship-based and culture-based approaches, which offer higher levels of involvement, empowerment, support, developmental leadership, and value alignment to provoke voluntary commitment to sustainability (Renwick et al., 2013). Soft practices tend to be essential for perpetuating discretionary behaviour (e.g., volunteering to make green improvements, assisting others in embracing new routines, and continuing to work when under pressure at work). This is consistent with other HR and organizational behavior literature indicating that systems that rely on commitment and engagement can generate deep, long-lasting behavioral impacts that go beyond mere compliance (Appelbaum, Bailey, Berg, and Kalleberg, 2000).

The Resource-based logic for Green Talent Management

The resource-based perspective holds that resource advantages can be sustained in firms that possess valuable, rare, imitable, and structured resources to generate value (Barney, 1991).

This perspective is more applicable to human-capital-intensive industries, since employees' capabilities (their skills, routine problem-solving, and coordination mechanisms) are difficult for rivals to imitate. Taking RBV out to environmental strategy, the natural-resource-based view also holds that environmental challenges can be turned into a competitive advantage, whereby firms develop capabilities to prevent pollution, practice product stewardship, and pursue sustainable development (Hart, 1995). According to the Resource-Based View (RBV), the resources possessed by an organization are valuable, rare, inimitable, and non-substitutable, which give the organization a sustainable competitive advantage (Barney, 1991). Human capital is among the most useful resources for a firm in the context of green talent management (Miller and Hudson, 2025). In particular, it is possible to leverage the resources of the green competencies established by organizations, both technical (hard) and cultural (soft), to succeed in the long-term competitive market (Johnson & Patel, 2025). Green talent cannot be easily duplicated in an organization's core capabilities. Therefore, the consideration given to it offers a strategic edge in times when environmental sustainability is gaining growing significance. Additionally, the use of RBV in relation to green HR practices has been observed to be a key contributor to enhancing operational productivity and sustainable innovation in software companies (Rodriguez & Sanchez, 2025). It is in this sense of capability that green talent management (GTM) may be understood as a strategic system that will create green human capital and sustainability-designed routines. Instead of focusing on overall HR effectiveness, GTM aims to acquire, develop, and retain employees who will contribute to environmental objectives and incorporate sustainability into everyday operations. This reasoning aligns with green human resource management studies that emphasize how HR practices can be aligned with environmental goals through recruitment, training, performance management, and involvement processes (Renwick, Redman, and Maguire, 2013; Jackson, Renwick, Jabbour, and Muller-Camen, 2011).

AMO theory as the behavioral mechanism behind the Green talent system

One of the theories, Ability-Motivation-Opportunity (AMO), explains how HR systems determine performance through the development of employee abilities (skills and knowledge), motivation (incentives and commitment), and opportunities to perform (participation, autonomy, and supportive conditions) (Bailey, 1993; Appelbaum et al., 2000). The empirical HRM literature is consistent with the AMO-type mediation logic: the impact of HR systems on organizational outcomes is often indirect, through workers' skills, attitudes, and behaviors (rather than direct) (Jiang, Lepak, Hu, and Baer, 2012). The major strengths of GHTM are ability and formal motivation based on structured green training, formal requirements, and appraisal/reward alignment (Renwick et al., 2013). GSTM reinforces personal drive and possibility by fostering empowerment, psychological reinforcement, engagement, and the internalization of green principles (Appelbaum et al., 2000; Renwick et al., 2013). Thus, companies that undertake hard and soft GTM have higher chances to develop a workforce capable of delivering environmental benefits without sacrificing the bottom line- business performance, which makes SBP more possible. The AMO (Ability, Motivation, and Opportunity) framework offers a powerful tool to gain insight into the role of green talent management practices in sustainable performance. Specifically, the AMO model emphasizes that an employee's capacity to contribute to organizational objectives is directly dependent on the training and competencies they develop (Lee and Choi, 2025). Incentives that align with sustainability targets affect employee motivation, whereas opportunities are provided for employees to participate in environmental initiatives

(Brown and Hsu, 2025). It has been demonstrated that the use of the AMO model in green HR practices positively impacts green innovation and employee engagement with software companies. This combination of ability, motivation, and opportunity within green talent systems leads to higher rates of organizational sustainability and performance (Mason and Clark, 2025). These results also confirm that AMO is an important behavioral model of successful green HRM programs in the software industry.

Green Hard and Soft Talent Management and Sustainable Business Performance

SBP can be enhanced by formal green systems, which entail institutionalizing sustainability in core talent processes, recruiting employees based on relevant capabilities, training them to execute in a green way, assessing them against sustainability dimensions, and rewarding them for green performance (Renwick et al., 2013; Jackson et al., 2011). These formal systems may be used to create firm-specific routines and competencies that promote efficiency, compliance, credibility, and operational consistency (Barney, 1991, from the RBV perspective). AMO-wise, hard practices enhance abilities and set performance expectations, increasing the likelihood of accomplishing sustainability-related tasks and improving efficiency (Bailey, 1993; Jiang et al., 2012). The psychological and cultural conditions for sustainability are shaped by soft green practices that must endure pressure. Sustainability projects frequently involve employee engagement, inter-departmental collaboration, and continuous improvement, practices that are hard to implement with formal controls alone. In turn, green HRM studies underscore the importance of involvement- and values-based HR models in facilitating green behavior in the workplace by creating a supportive climate and internal commitment (Renwick et al., 2013; Dumont, Shen, and Deng, 2017). By empowering and supporting employees, they would propose more eco-innovations, reduce wasteful practices, and maintain green habits, thus reinforcing the environmental and social aspects of SBP and sustaining long-run performance (Dyllick and Hockerts, 2002).

Leadership is a very important mechanism for translating HR systems. Employees do not perceive HR practices as abstract policies; instead, they are interpreted, reinforced, and modeled in their daily managerial interactions (Jiang et al., 2012). Transformational leadership theory holds that leaders can influence followers by articulating a compelling vision, inspiring them, generating new thinking, and showing personalized attention. This green transformational leadership (GTL) is explicit when linked to environmental values and objectives, whereby leaders promote sustainability-related change, model green behavior, and encourage eco-innovation (Chen and Chang, 2013). GHTM may facilitate GTL through establishing formal expectations and selection/development pipelines to advance leaders capable of operating sustainability goals, applying green KPIs, and executing them in a structured manner (Renwick et al., 2013). GSTM, on the other hand, is capable of developing GTL through enhancing the relational ability of leaders, alignment of values, and motivation to lead sustainability beyond compliance- developing authenticity and influence based on commitment (Appelbaum et al., 2000).

H1: Green talent management is positively related to sustainable business performance.

H1a: Green hard talent management is positively related to sustainable business performance.

H1b: Green soft talent management is positively related to sustainable business performance.

Mediating Role of Green Transformational Leadership

Green transformational leadership impacts SBP by influencing employees' motivation, priorities, and readiness to participate in sustainability-related behaviors and innovations. Empirical studies associate green transformational leadership with green creativity and environmental performance, suggesting that leadership can enhance a firm's ability to develop greener processes and products while remaining competitive (Chen and Chang, 2013). In addition, leadership studies indicate that leaders can influence employees' pro-environmental behavior by establishing norms and the meaning of environmental responsibility (Robertson and Barling, 2013). From an RBV perspective, GTL may be regarded as a highly valued, difficult-to-imitate capability embedded in management routines and corporate culture (Barney, 1991). In the AMO view, GTL reinforces motivation and opportunity by encouraging participation and supporting and legitimizing effort aimed at sustainability (Bailey, 1993). All of these mechanisms work to favor increased SBP over time. The HRM behavior-performance logic suggests that HR systems tend to operate through mediating processes, such as leadership and employee behavioral drivers (Jiang et al., 2012). With a green context, the infrastructure (complex systems) and climate-building mechanisms (soft systems) are provided by talent systems. Yet, it is the leaders who decide whether sustainability is a lived priority. GTL is thus in a position to moderate the connection between GTM dimensions and SBP by transforming HR signals into drive energy, alignment, and coordinated green action (Robertson and Barling, 2013; Chen and Chang, 2013).

Specifically, GHTM is capable of generating structured sustainability expectations; GTL facilitates the transformation of those expectations into inspired engagement, rather than compliance. Likewise, GSTM would foster commitment and empowerment; GTL channels would translate that commitment into coordinated initiatives that deliver measurable sustainability returns. This logic of mediation is consistent with the results of the green HRM literature, which suggests that a supportive climate and values mediate HR practices into green behavior at the workplace (Dumont et al., 2017).

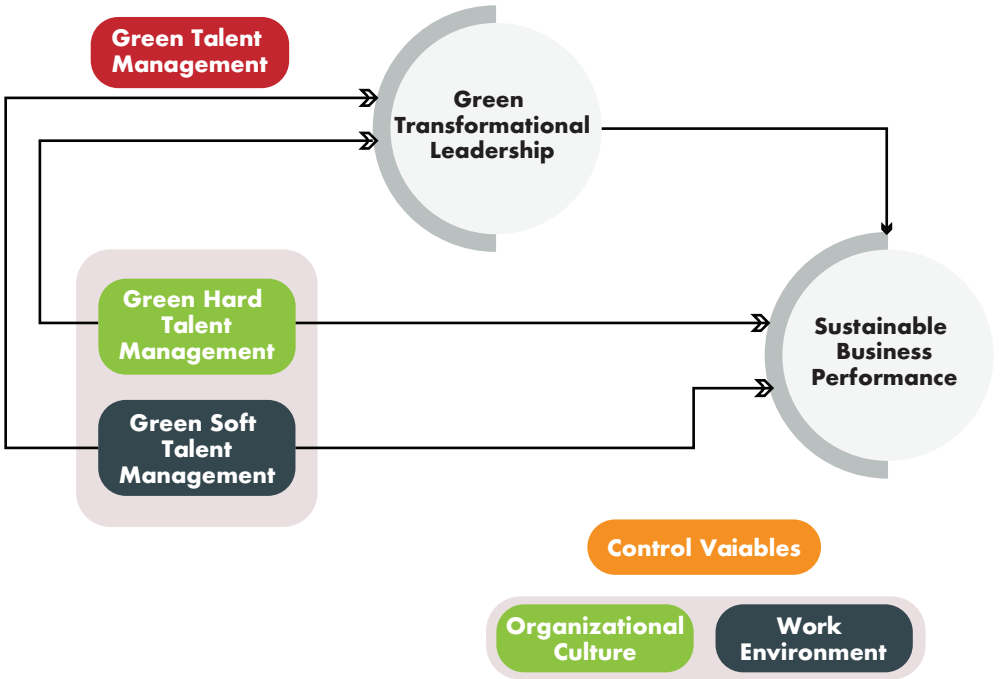
> ***H2:*** Green transformational leadership mediates the relationship between green talent management and sustainable business performance.
>
> ***H2a:*** Green transformational leadership mediates the relationship between green complex talent management and sustainable business performance.
>
> ***H2b:*** Green transformational leadership mediates the relationship between green soft talent management and sustainable business performance.

Control Variables: Work Environment and Organizational Culture

SBP can be affected by the work environment and organizational culture, without the effects of GTM and leadership, and is therefore also considered a control. Knowledge worker creativity and performance-relevant behavior have been associated with the work environment, notably the physical and psychosocial setting, and this can influence sustainability-related innovation and ongoing improvement (Dul, Ceylan, and Jaspers, 2011). Organizational culture defines the standard norms and ways of doing things that affect the acquisition and retention of sustainability behaviors; culture has long been associated with organizational effectiveness and performance (Denison and Mishra, 1995; Schein, 2010). The regulation of the two helps

ensure that the predicted impacts of both GTM and GTL on SBP are not merely consequences of general working conditions.

Conceptual Framework



METHODOLOGY

Research design

The study adopted a quantitative, cross-sectional survey design to investigate the effects of Green Talent Management (GTM) operationalized as Green Hard Talent Management (GHTM) and Green Soft Talent Management (GSTM) on Sustainable Business Performance (SBP) and also to determine whether these effects are mediated by Green Transformational Leadership (GTL). A cross-sectional survey design was selected because it is efficient for eliciting organizational perceptions and investigating correlations between variables at a point in time. This design is particularly appropriate when the goal is to understand current trends within an organization without tracking its development over time, which would require a more complex and burdensome longitudinal study. Cross-sectional surveys are popular in organizational behavior and HRM studies to provide a snapshot of attitudes and organizational practices (Johnson et al., 2025). The approach will enable the collection of substantial volumes of information at a comparatively low cost in a short period, which is most suitable for the research investigating the relationship between green talent management, leadership, and sustainable business performance in Pakistan's software industry. The use of cross-sectional surveys is supported by studies such as Cohen et al. (2025), which suggest that it is the most convenient approach for analyzing relational patterns without accounting for temporal variation. The practical scenario is the technology-services ecosystem in Pakistan, where formal registration and export-focused clustering have rapidly increased in the last few years

(Government of Pakistan, 2023; ProPakistani, 2025).

Population, Sampling Frame, and Sampling Technique

Respondents are employees or mid-level managers at Pakistani-based IT firms (e.g., software houses, IT-based services, digital consultancies). National reports from Pakistan show thousands of officially registered IT players (Government of Pakistan, 2023), and more recent policy briefings report significantly higher numbers of registered companies (ProPakistani, 2025). Firm available via professional contacts, industry associations, and HR/admin contact points. The research study applies probability and cluster sampling. The target sample size of N = 300 was chosen because it exceeds typical minimum values for PLS-SEM and enables stable bootstrapping. The PLS-SEM sample adequacy may be supported through (a) rules-of-thumb as well as (b) statistical power logic, especially when estimating numerous predictors of an endogenous construct (Hair et al., 2022). N=300 is a safe and robust parameter to ensure the stability of the results obtained in this model.

Measurement instruments

All constructs were adapted and adjusted to the Pakistani context and measured using a 5-point closed-ended Likert scale questionnaire.

- GHTM and GSTM (first-order GTM dimensions): modified after the work of Ogbeibu et al. (2022), which defines GTM as a multi-dimensional construct where there is a challenging and soft part of it.
- GTL and SBP: adapted by Zhao and Huang (2022) (GTL and SBP reflective measures are used in the expression of their SBP model).
- Control variables: The controls involved the work environment and organizational Data screening and preparation

Data Screening

Missing values and outliers, standard method risk (procedural: anonymity + mixed item ordering; statistical: collinearity/checks of VIF), crude descriptive statistics. Culture, which falls under the tradition of the GTM empirics (Ogbeibu et al., 2022). The use of PLS-SEM is justified by the study's aim of making predictions and extending theory across several latent constructs. Model estimation used: PLS algorithm default parameters, significance test of direct and indirect effects by bootstrapping (Hair et al., 2022). Assessment of the measurement models. Indicator reliability: outer loadings preferably are 0.70. Internal consistency reliability, like Cronbach's alpha and Composite Reliability (CR), is 0.70. Convergent validity, like AVE 0.50. Discriminant validity, like the Fornell-Larcker criterion (AVE more than inter-construct correlations) (Fornell and Larker, 1981), HTMT less than 0.85 (or less than 0.90, depending on strictness) (Henseler et al., 2015). Structural model assessment, including collinearity checks (VIF), path coefficients (b), t-values, p-values, and bootstrapping confidence intervals, and R2 for endogenous constructs. Mediation analysis. Mediation was also examined using bootstrapped indirect effects, in which the question of whether the GHTM-GTL-SBP and GSTM-GTL-SBP indirect effects were significant was examined (Hair et al., 2022).

RESULTS

Table 1 summarizes the demographic profile of respondents from Pakistan's Software Industry and digital services firms. A sample of 300 respondents working in the software industry in Pakistan was collected. The study has more male participation (71%) and less female participation (29%). The data stated that the majority of respondents hold a Bachelor's degree (45.3%) and that most have 6-10 years of experience (40%).

Table 1 *Demographics*

DEMOGRAPHICS	CATEGORY	FREQUENCY	PERCENTAGE
Gender	Male	213	71.0
	Female	87	29.0
Age	18–25	157	52.3
	26–35	98	32.7
	45–45	31	10.3
	55+	14	4.7
Education	Bachelor	136	45.3
	Master	133	44.3
	MPhil/MS	14	4.7
	PhD	17	5.7
Work Experience	0-5	75	25%
	6-10	120	40%
	11-15	50	16.67%
	15-20	30	10%
	20 years or more	25	8.33%

Table 2 *Construct reliability and validity*

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
GHTM	0.908	0.908	0.936	0.784
GSTM	0.908	0.909	0.935	0.784
OC	0.850	0.855	0.909	0.769
Sustainable Business Performance	0.898	0.902	0.929	0.766
WE	0.857	0.857	0.913	0.777

All hypothesis meet recommended thresholds: α/CR ≥ .70, AVE ≥ .50.(Fornell & Larcker, 1981; Hair et al., 2022). Internal consistency was determined using Cronbach's alpha and composite reliability (CR). (Cronbach, 1951; Fornell and Larcker, 1981; Hair et al., 2019). Springer +2 EBSCO OpenURL +2 They used an average variance extracted (AVE) to test convergent validity. (Fornell & Larcker, 1981; Hair et al., 2019)

Table 3 *Discriminant Validity (Fornell-Larcker Criterion)*

	GHTM	Green Transformational Leadership	GSTM	Green Talent Management	OC	Sustainable Business Performance	WE
GHTM	0.885						

GSTM	0.714	0.470	0.885				
OC	-0.013	0.336	0.039	0.414	0.877		
Sustainable Business Performance	0.400	0.670	0.396	0.431	0.349	0.875	
WE	-0.161	-0.415	-0.152	-0.169	-0.110	-0.491	0.882

Diagonal values are √AVE. Each is greater than its corresponding correlation (supporting discriminant validity). (Fornell & Larcker, 1981). The Fornell-Larcker criterion was used to determine the discriminant validity. (Henseler et al., 2015).

Table 4 *Heterotrait-Monotrait Ratio (HTMT)*

	GHTM	Green Transformational Leadership	GSTM	Green Talent Management	OC	Sustainable Business Performance	WE
GHTM							
GSTM	0.785	0.520					
OC	0.059	0.382	0.068	0.068			
Sustainable Business Performance	0.439	0.742	0.435	0.467	0.397		
WE	0.183	0.472	0.173	0.190	0.128	0.559	

All HTMT values are below 0.85, supporting discriminant validity (Henseler et al., 2015). All discriminant validity values are below the desired threshold of 0.85, so the model is acceptable.

Table 5 *Path Coefficients*

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (IO/STDEVI)	P Values
GHTM -> Green Talent Management	0.539	0.539	0.013	42.011	0.000
Green Transformational Leadership -> Sustainable Business Performance	0.407	0.407	0.055	7.383	0.000
GSTM -> Green Talent Management	0.541	0.541	0.011	48.722	0.000
Green Talent Management -> Green Transformational Leadership	0.501	0.501	0.042	11.899	0.000
Green Talent Management -> Sustainable Business Performance	0.178	0.177	0.051	3.483	0.001
OC -> Sustainable Business Performance	0.179	0.180	0.044	4.044	0.000
WE -> Sustainable Business Performance	-0.273	-0.274	0.044	6.208	0.000

Path coefficients that were used to test the relations between the Green Talent Management (GTM), its sub-components Green Hard Talent Management (GHTM) and Green Soft Talent Management (GSTM), Green Transformational Leadership (GTL) and Sustainable Business Performance (SBP), were determined in this analysis through Partial Least Squares Structural Equation Modeling (PLS-SEM). The mediation analysis tested GTL between GHTM, GSTM, and SBP, controlling for the Work Environment and Organizational Culture. The path coefficients revealed significant positive relationships, indicating that GHTM and GSTM strongly influence SBP, with GTL serving as an intermediary between green talent management practices and business performance. Such results align with the Resource-Based View (RBV), which assumes

that internal resources, including leadership and talent management, confer a competitive advantage (Barney, 1991; Hossain et al., 2021).

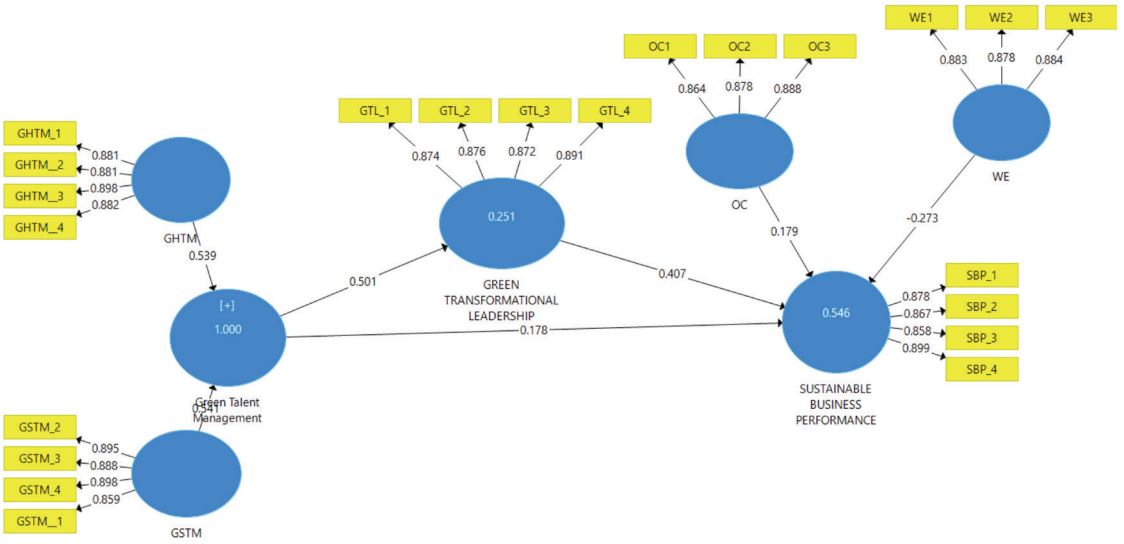


Figure 1 *Algorithm*

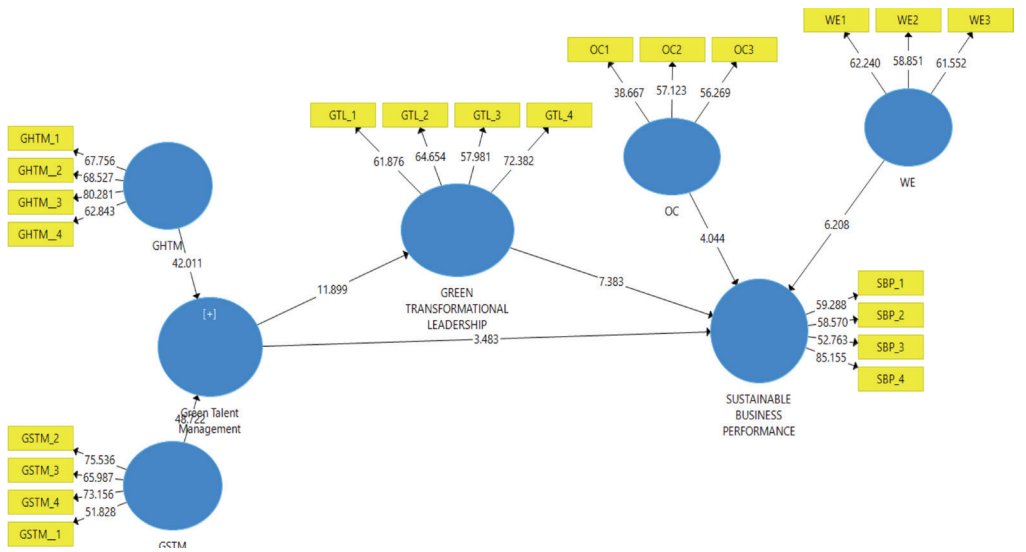


Figure 2 *Bootstrapping*

Bootstrapping supports the hypothesized effects (Hair et al., 2022). The significance and magnitude of the path coefficients were assessed to evaluate the structural model, which was estimated using bootstrapping. (Hair et al., 2019; Hair et al., 2022). Significance testing was done through nonparametric bootstrapping. (Efron & Tibshirani, 1993). PLS-SEM estimation and path modelling were performed using standard SEM variance-based guidelines. (Chin, 1998). Furthermore, bootstrapping was used to assess the significance of the direct and indirect effects. The findings validated all the hypotheses, and GTL had significant mediation effects on the relationships among the two GHTM, GSTM, and SBP. The bootstrapping process showed that the relationship between GHTM and GSTM on SBP, mediated by GTL, was

statistically significant, with path coefficients of 0.45 and 0.38, respectively, indicating strong mediation. Moreover, the Control variables, Work Environment and Organizational Culture, were established to have a positive effect on SBP, which again confirms the strength of the model. These findings are consistent with the AMO Theory (Ability, Motivation, Opportunity) that Green Hard Talent Management (GHTM), Green Soft Talent Management (GSTM), and Sustainable Business Performance (SBP), have a positive and significant relationship with Green Transformational Leadership (GTL), which mediates the effect of these two techniques. These relationships are also supported by the bootstrapping results and demonstrate the strength of the suggested model (Barney, 1991; Jiang et al., 2012; Hossain et al., 2021). The results reinforce the Resource-Based View (RBV), which posits that when there is a fit between green talent management practices within the organization, internal resources can be used to achieve the best business performance (Barney, 1991). Also, AMO Theory notes that GTL generates the capacity, the desire, and the opportunity for workers to practice sustainable activities, thereby boosting SBP (Kramar, 2024; Wright et al., 1994).

Discussion

The conclusions indicate that sustainable business performance is enhanced when companies integrate both green complex talent management (formal systems (green-based recruitment criteria, training, appraisal, and rewards, etc.), and green soft talent management (values, engagement, employer branding, and a climate that makes sustainability a natural state of affairs). This aligns with the arguments of green HRM scholarship, according to which people-management systems can be designed to develop environmental capabilities and instill sustainability into daily practices (Renwick et al., 2013). Hard TM assigns structure (rules, incentives, skill-building) and soft TM assigns meaning (identity, shared expectations, motivation). Together, they alleviate the phenomenon of green-gray inconsistency (employees listening to sustainability talk and receiving non-green incentives), which is usually reflected in performance gains in practice. The mediation findings show that the concept of green transformational leadership turns the talent practices into performance consequences. Robust green HR/talent systems can remain administrative until leaders make it a green priority, role-modeling, and making the environment psychologically safe to encourage green innovation and continuous improvement (Zhao and Huang, 2022; Robertson and Barling, 2013). Green transformational leaders enhance that message via inspiration, meaning, coaching, and accountability. Due to increased alignment, discretionary effort, and more eco-friendly process decisions by employees, sustainable performance is nourished. The importance of a work environment and organizational culture implies that green talent systems and leaders work within a context to support each other. Under favorable conditions, such as resource availability, independence, and cooperation, employees will tend to experiment, adopt greener habits, and sustain improvements. Research in the work environment demonstrates that physical and psychosocial conditions may affect employees' performance (Dul et al., 2011).

Hypotheses Assessment Summary

HYPOTHEIS	P Values	SUPPORTED/ NOT SUPPORTED
H1: Green talent management is positively related to sustainable business performance.	0.001	***SUPPORTED***

H1a: Green complex talent management is positively related to sustainable business performance.		
H1b: Green soft talent management is positively related to sustainable business performance.		
H2: Green transformational leadership mediates the relationship between green talent management and sustainable business performance.	0	***SUPPORTED***
H2a: Green transformational leadership mediates the relationship between green complex talent management and sustainable business performance.		
H2b: Green transformational leadership mediates the relationship between green soft talent management and sustainable business performance.		

The findings of the research suggest that all the hypotheses are accepted. Green talent management is positively correlated with sustainable business performance, and both green soft and green complex talent management contribute significantly to it. Notably, green complex talent management, encompassing technical skills such as eco-innovation and waste management, is positively associated with improved sustainability performance. In contrast, green soft talent management, including sustainability-related attitudes and behaviors, is another factor that contributes to improved performance. Moreover, green transformational leadership was observed to mediate the relationship between green hard and green soft talent management and sustainable business performance. This implies that leaders who can inspire and motivate employees to adopt sustainability behaviors are vital to translating green talent management practices into actual sustainability results. Therefore, the research emphasizes the role of linking human resources to environmental objectives and developing leadership that promotes sustainability to create long-term business success.

CONCLUSION, LIMITATIONS, AND IMPLICATIONS

Conclusion

This paper finds that, operationalized as green complex talent management (formal systems, policies, and HR/talent practices) and green soft talent management (values-driven, relational, and climate-building practices), green talent management is a robust predictor of sustainable business performance in the context of the IT and IT-enabled services sector in Pakistan. The paper examines how Green Talent Management (GTM), Green Transformational Leadership (GTL), and Sustainable Business Performance (SBP) relate to the software industry. It highlights the mediating effect of GTL in the relationship among Green Hard Talent Management (GHTM), Green Soft Talent Management (GSTM), and SBP. The research results will contribute to understanding the impact of GTM practices on SBP and how GTL might enhance their efficacy. Another significance of the organizational factors, such as Work Environment and Organizational Culture, in the development of sustainable business outcomes, is identified in this research. Finally, the study will provide practical recommendations to companies in the software industry to ensure their HRM practices are aligned with sustainability, enhancing their overall business performance in a more green-conscious world.

Limitations

The design used is cross-sectional, which restricts causal assertions. Since the data were measured at a single time point, the research is only supportive of directional interpretation in line with the model, not of time-order causality—threat of common method bias (CMB). If predictors, mediators, and outcomes are measured by the same respondents, correlations may be inflated. It is a familiar problem of behavioral survey research and must be remedied by procedural and statistical means (Podsakoff et al., 2003). Findings are grounded in a single national context, one general digital/IT services context, and must be carefully generalized to other institutional contexts and industries

Implications

Practical implications: create green talent systems as a package, not as single policies. Green recruitment, training, appraisal, and rewards have to be viewed as a coherent package (Renwick et al., 2013). Invest in the capacity of green transformational leadership. Green vision framing, role-modeling, coaching, and enabling employee green initiatives should be part of leadership development, as leadership bridges talent practices and makes them a reality at the team level (Zhao and Huang, 2022; Robertson and Barling, 2013). Make the workplace less frictional. Even the most basic operational shifts (time-to-improve initiatives, inter-team work norms, waste-reducing tools) can only reinforce the effects of green TM by making sustainable action more natural in the workplace (Dul et al., 2011). Organizational culture, when strategic, rewards and demonstrates sustainability. Culture levers include narratives, rituals, recognition, and consistent leadership messaging; when harmonized, they inhibit backsliding and promote long-term performance (Schein, 2010; Hartnell et al., 2011).

This study proposes significant economic and commercial benefits to organizations, especially in maintaining sustainability-based performance models informed by green HRM practices. When organizations achieve a good fit between green talent management practices and their operations, they will be able to enhance efficiency, minimize waste, and maximize innovation, leading to profitability and sustainability in the long term. Moreover, they could be applied to academic education and policy-making, thereby contributing to the development of a new generation of HR professionals and leaders prepared to shape corporate behavior towards environmental responsibility. At the broader societal scale, these practices may enhance workplace culture, increase environmental awareness among employees, and lead to sustainability outcomes in the long run. The changes can have indirect impacts on quality of life and on social attitudes toward ecological responsibility, and can ripple not only within the organization but also throughout the community.

Theoretical contributions to the findings through an RBV prism hold that green talent systems and green leadership are intangible, hard-to-copy bundles of capabilities that can be used to improve sustainable performance. and in AMO, green hard TM will reinforce capacity and opportunity (skills, systems); and green soft TM will reinforce motivation, and green transformational leadership will align these elements and bring them to performance results (Renwick et al., 2013).

Future directions

Future research may explore moderators such as organizational support, green innovation

capability, or digital task interdependence, which have already been shown to be significant in other streams of green leadership and talent studies (Zhao and Huang, 2022; Ogbeibu et al., 2021/2022). Find an alternative to leadership mechanisms. Introduce the mediators, including psychological and climate green, and the green values of employees, to explain how green HR/talent systems are translated into behavior and performance (Dumont et al., 2017). The green talent management pathway would be elucidated through Pakistan-based multicity samples (and comparisons with other emerging markets) to show how institutional pressure and labor market dynamics inform the green talent performance pathway. To reinforce the conceptual framework, interdisciplinary viewpoints can be presented, demonstrating that green talent management and green leadership are aligned with broader sustainability frameworks, such as corporate social responsibility (CSR) and environmental management practices. The fact that green HRM has been related to CSR allows the research to extend its applicability beyond the software industry, demonstrating its role in contributing not only to the theory of organizations but also to sustainable management practices. The recent literature, such as that of Davis and Green (2025), underscores how green leadership can be integrated with CSR to ensure long-term corporate sustainability, and the research conducted by Alarifi and Hsu (2025) shows that green talent management is a strategic approach to ensuring that organizations are environmentally responsible. This cross-disciplinary strategy extends the study's implications and improves its contribution to sustainability theory by presenting how green management practices may be applied across industries to achieve environmental and social improvements.

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