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[Exploring the Obstacles to the Implementation of Green HRM Practices for Sustainable Small and Medium Enterprises in Pakistan]

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ABSTRACT

Implementing Green Human Resource Practices is essential for fostering sustainability in SMEs. Pakistan has over 5.2 million small and medium-sized enterprises, which account for 30% of total exports and 40% of the national GDP; nonetheless, these SMEs face significant challenges in implementing Green HRM practices. Therefore, adopting Green HR practices is essential for achieving sustainable development objectives. This is qualitative research; the case study method was used to identify barriers to adopting Green HRM practices in SMEs in Pakistan. Twenty-one HR managers working in SMEs were interviewed, and the data were analyzed using thematic analysis. The research findings identified significant themes: a lack of environmental and social consciousness, along with insufficient training and development. Financial constraints, inadequate governmental support. Absence of an enforcement mechanism; resistance rooted in cultural and behavioral factors. Obstacles to infrastructure and technology. There is a lack of innovative leadership, inadequate impetus from suppliers and customers, and a deficiency in evaluation tools. The identified significant themes provide a practical contribution and are advantageous for policymakers, corporate executives, and stakeholders in overcoming the challenges of adopting Green HRM practices for sustainability in SMEs. The paper presents pragmatic solutions to the issues that may be adopted by all stakeholders. This study advances the use of institutional theory as a theoretical contribution.

Key Words: Barriers, Green HRM practices, Pakistan, Sustainability, SMEs, SDGs

Introduction

Green HR denotes the incorporation of environmental sustainability into human resource management practices. This encompasses an ecologically sustainable climate in workplaces. Digitalization, energy consumption reduction, waste minimization, fostering ecologically sustainable communities, implementing paperless systems, supporting remote work to reduce transportation, and other initiatives that enhance sustainability need thorough attention. Furthermore, corporate practices must be congruent with environmental objectives. All HRM practices must be aligned with the environment (Awwad Al-Shammari et al., 2022; Ercantan & Eyupoglu, 2022; Patil et al., 2022). Green Human Resource Management entails the integration of environmentally sustainable practices into HR strategies and processes. It encompasses various activities aimed at promoting eco-friendly behaviors among employees, fostering a culture of sustainability, and aligning organizational goals with environmental objectives. Concentrated on applicants exhibiting a dedication to environmental initiatives. Education and training to improve workers' expertise in environmental activities Evaluating employee performance based on their contributions to sustainability projects. Encouraging participation in eco-friendly efforts and fostering a culture of environmental stewardship. Aligning HR policies with the organization's overarching sustainability goals (S. Ahmad, 2015). By implementing sustainable HR strategies, organizations may aid in fostering a sustainable future (Cachón-Rodríguez et al., 2022). Green HR practices in Pakistan are progressively gaining prominence as enterprises acknowledge the significance of sustainability. Nonetheless, we remain in the first phase of integrating Green HR practices into commercial operations (Fazal & Muhammad Shaiq, 2023; Hussain & Author, 2022).

Numerous obstacles exist, including insufficient knowledge, limited resources, opposition to change, and inadequate governmental backing to implement Green HR practices in Pakistan (Mahrukh, 2021; Miao et al., 2023). The incorporation of green concepts in SMEs is increasingly essential (Margaretha, 2018). There is an emerging need for the integration of sustainable management practices into human resources (Pisano, 2012) This field is evidently at its nascent stage (Jabbour et al., 2016) Companies are recognizing the need for a robust understanding of social ethics and obligations for environmental sustainability. Small and Medium-sized Enterprises (SMEs) are seen as distinct from bigger corporations owing to their unique characteristics, such as the liability associated with their size (Westman et al., 2019) Indeed, owing to heightened rivalry and technological advancement, SMEs must consistently enhance their performance to remain competitive in the market (Abdul Basit et al., 2024). In the contemporary landscape, where sustainability is a critical priority, small and medium companies (SMEs) are increasingly urged to implement environmentally sustainable practices using Green Human Resource Management. By applying Green HR the culture of sustainability may be enhanced (Javed, 2024). However, many SMEs face barriers that mitigate their capacity to implement Green HRM practices (Islam et al., 2020).

The challenges encountered by SMEs in implementing sustainability are critical due to their economic importance (Madrid-Guijarro & Duréndez, 2024). The SMEs significantly contribute to the economy of Pakistan and are considered the backbone (ZAFAR & MUSTAFA, 2017). However, they face obstacles in developing and sustaining sustainability and its associated practices, particularly Green HRM practices (Awwad Al-Shammari et al., 2022). Green HRM practices emphasize protecting the environment (Zihan & Makhbul, 2024). However, the insufficient execution of policies, and processes, and the provision of inadequate training and development programs about sustainability and innovation have resulted in little progress, thereby leaving the necessary economic benchmarks unaddressed (Naveed et al., 2022).

Consequently, the nation's economic progress relies on overcoming the obstacles to implementing sustainability (Javanmardi et al., 2023). Pakistan is inhabited by about 5.2 million SMEs, constituting almost 90% of all enterprises, contributing 40% to the nation's GDP and 30% to total exports. In Pakistan, Small and Medium Enterprises are categorized according to staff count and revenue. Small organizations employ a maximum of 50 workers and generate annual revenues of up to 150 million, while medium enterprises employ between 51 and 250 personnel and achieve annual turnovers ranging from 150 million to 800 million. They are essential to economic progress by diversifying the industrial foundation. Small and medium-sized firms (SMEs) are crucial for employment growth, representing around 80% of the non-agricultural labor force. They enhance workforce integration, particularly in urban areas, and alleviate unemployment issues. Small and medium-sized firms (SMEs) foster entrepreneurship by encouraging innovation and facilitating individual company establishment; the entrepreneurial spirit is essential for economic vitality and resilience Numerous SMEs participate in export operations, adding to foreign currency earnings, promoting local goods in the worldwide market, and improving the country's trade balance. Small and medium-sized enterprises (SMEs) are essential for regional development in urban and underprivileged areas, fostering regional economic growth. Small and medium-sized enterprises (SMEs) also play a crucial role in the improvement of supply chains. Small and medium-sized enterprises exhibit

more agility and adaptability than bigger corporations, allowing them to rapidly adjust to market fluctuations and customer needs. Their creative methodologies may result in substantial progress within the sector (Competition Commission of Pakistan, 2023).

Sustainability is essential for the long-term viability of SMEs. By implementing sustainable practices, these firms may mitigate resource depletion and reduce their environmental effect, thus securing their future in a resource-constrained world. Adopting sustainable practices often yields considerable cost reductions. Energy-efficient methodologies Minimizing waste and adopting sustainable procurement may save costs, increase profitability, and strengthen financial resilience. In the current environmentally aware market, sustainability may serve as a significant difference. Small and medium-sized enterprises that adopt sustainable practices may attract environmentally conscious customers, so earning a competitive advantage and enhancing brand loyalty; moreover, sustainability is not only a fad. Embracing sustainability enables SMEs to effectuate good change while attaining their business objectives(Adekunle Stephen Toromade & Njideka Rita Chiekezie, 2024). The implementation of sustainability policies has been extensively examined by scholars and inside the United Nations (UN) in 2015. The UN established the 2030 Agenda for Sustainable Development. In this context, analyzing the adoption of sustainable practices by small and medium-sized firms is essential. Investigating the variables that facilitate or hinder the sustainability initiatives of SMEs may guide measures to enhance their contribution to the UN's Sustainable Development Goals (SDGs). Owing to their particular qualities and diverse geographical locations, SMEs need tailored strategies to surmount their challenges. Barriers encountered by SMEs must be recognized, and solutions should be proposed to facilitate the implementation of Green HRM practices(Din et al., 2024; Shayan et al., 2022). The objective of this study is to identify the obstacles to the adoption of Green HRM practices by SMEs in Pakistan.

Literature Review

It is essential to identify the obstacles encountered by SMEs in the implementation of green HRM practices (Sherazi et al., 2013). To achieve sustainable development objectives, it is becoming more important to use Green Human Resource Management practices in SMEs (Huo et al., 2022). Further research study indicates that Green HRM practices may alleviate issues encountered by SMEs in Pakistan, including environmental degradation and inadequate compliance stemming from constrained financial resources, and underscores the need for a robust supervisory framework (Sherazi et al., 2013). Research showed that barriers encountered by Pakistani enterprises in adopting sustainable practices include insufficient senior management commitment, elevated operational expenses, and customer apathy towards eco-friendly goods, providing realistic policy solutions.(Ullah et al., 2021). According to Shayan et al., (2022) Resource limitations provide a significant barrier for small and medium-sized firms (SMEs) in engaging with corporate social responsibility initiatives, asserting that governmental support is essential for enabling SMEs to adopt sustainable practices and fulfill obligations regarding workers' rights. Small and medium-sized enterprises in Pakistan have obstacles in adopting green human resource management methods, necessitating enhanced knowledge, financial assistance, and a commitment to sustainability from both management and governmental entities to secure a sustainable future. (HUSSAIN et al., 2023) Small and medium-sized enterprises have obstacles in implementing Green HR Management owing to constrained resources, insufficient expertise, and restricted

access to technology and infrastructure. An effective regulatory framework is essential for fostering sustainable practices and minimizing inefficiencies in SMEs (Muangmee et al., 2021). Small and medium-sized enterprises use sustainable practices to boost environmental and economic performance, improve market image, and gain financial benefits (Abbas et al., 2020).

Furthermore, environmental regulatory bodies impose specific financial incentives to adopt sustainable practices to improve profitability and cost-effectiveness. Green HRM practices and research on environmental behavior (Rubel et al., 2020) Numerous studies in Pakistan examine the impact of green practices used by SMEs, green human resource management, and environmental enthusiasm (Hussain et al., 2022). Existing literature supports green human resource management as the ideal technique, since its practices enable workers to meet the company's environmental objectives efficiently (Shahzad, 2020) Further Permatasari & Gunawan, (2023) emphasized the need to sustainably develop their organizations. Furthermore, enterprises have to cultivate a congenial working atmosphere for their personnel, perhaps resulting in enhanced devotion to their organizations. Consequently, SMEs should be encouraged to implement measures aimed at enhancing their economic and financial performance.

Small and medium enterprises in Pakistan often exhibit a deficiency in comprehending the advantages of green human resource management, resulting in restricted implementation (Arooj 2018) Limited financial resources impede SMEs from investing in Green Human Resource Practices, including green training programs and eco-friendly infrastructure (Faisal & Naushad, 2020) Inadequate infrastructure, including poor waste management and energy-efficient technologies, is a considerable barrier. Inadequate environmental legislation and insufficient enforcement in Pakistan deter SMEs from implementing GHRM standards (Alraja et al., 2022) Conventional management practices and aversion to change impede the implementation of GHRM in Pakistani SMEs. Small and medium-sized enterprises in Pakistan often lack access to green technology, impeding their capacity to implement ecologically sustainable practices (Rehman 2020). Insufficient training and development programs for workers constrain the efficacy of Green HR practices (Wen et al., 2022). Sustainability is founded on the triple bottom line principle, which harmonizes economic, environmental, and social advantages. This balance is sometimes characterized as attaining harmony among the planet, people, and profit (3Ps). Research indicates that organizations using Green HRM principles see financial benefits and a reduction in employee turnover. Implementing environmentally sustainable norms and practices inside a company is essential for sustainable business success. (Adnan et al., 2023) Green HRM empowers businesses to implement effective environmental safety measures, decrease turnover, and cultivate a favorable reputation by incentivizing workers for sustainable practices. This strategic strategy mitigates the adverse impression of businesses prioritizing resource extraction at the expense of environmental responsibility and social development (Ahmad, 2015). Green HRM is integrating environmental concerns into human resource policies and practices by promoting eco-friendly behaviors inside businesses. Green HRM aims to enhance the organization's environmental impact (Jabbour & De Sousa Jabbour, 2016) Effectively implemented Green HRM techniques provide significant advantages in company performance and environmental stewardship. Essential Green HRM strategies include environmentally oriented recruiting. Environmental education and advancement

Performance management programs that combine sustainability and promote environmental responsibility (F. Ahmad et al., 2023). Small and medium-sized enterprises may greatly benefit from Green Human Resource Management techniques owing to their distinct problems and possibilities. Government incentives and financial assistance programs aid SMEs in surmounting financial challenges, improving competitiveness, and capitalizing on sustainability prospects in an eco-conscious market (Zaid et al., 2018). According to research, several small and medium-sized businesses do not have an overview of the fundamentals of green human resource management (P. A. Khan et al., 2021). Significant barriers to the implementation of green HRM practices exist, including an insufficient understanding of their benefits and resistance to change (Ali et al., 2021). Inadequate training programs for personnel on sustainable practices and financial limitations are significant barriers for SMEs in implementation (R. U. Khan et al., 2022) The initial money required for green initiatives and sustainable technologies is sometimes seen as exorbitant. Small and medium-sized firms often prioritize short-term earnings above long-term sustainability investments. Green Human Resource Management extends standard HRM concepts by prioritizing environmental sustainability and social responsibility (Renwick et al., 2013) In Pakistan, small and medium-sized enterprises (SMEs) are essential to economic development, constituting 90% of total firms and contributing 40% to gross domestic product (GDP) (SMEDA) by the implementation of Green Human Resource Management techniques. Pakistani SMEs may include environmentally sensitive and socially responsible initiatives in their operations, therefore contributing to sustainable development. The increasing need for long-term viability and transparency has compelled businesses to consider economic, social, and environmental sustainability (Grecu et al., 2020).

The pressing ecological issues need aggressive measures to save the environment for current and future generations. Sustainability aligns human civilization with the natural environment, revolutionizing industrial operations (Zhivkova, 2022). Companies increasingly disclose their sustainability initiatives, making performance a crucial evaluative criterion. Proactive sustainability improves trust, stakeholder relations, and staff productivity Organizational sustainability management amalgamates financial, social, and environmental factors, propelling long-term development, promoting sustainable growth, fostering responsible business practices, ensuring environmental stewardship, and enhancing reputation and stakeholder trust. Sustainability has emerged as a crucial element of corporate strategy, influencing the future of business (Lee & Ha-Brookshire, 2017). The regulatory environment in Pakistan poses significant challenges for small and medium enterprises attempting to adopt Green HR Management practices. Inconsistent regulations and inadequate enforcement mechanisms may act as considerable deterrents, as often highlighted. These discrepancies may lead SMEs to see compliance costs as excessively burdensome, hence diminishing their willingness to embrace sustainable practices (Durrani et al., 2024).

Methodology

This constitutes a qualitative research study (Fossey et al., 2002). The inductive technique (Thomas, 2006) was used for exploratory research (Stevens & Wrenn, 2013). Interpretivism served as the research paradigm (Goldkuhl, 2012). Case study methodology as a research design has been used (Baxter & Jack, 2015), to identify the obstacles to the implementation of Green HRM practices faced by Small and Medium

Enterprises in Pakistan. A case study is a research methodology designed to get an in-depth exploration of a specific case in real real-life context It provides rich detailed insights into complex issues allowing researchers to analyze similarities and differences across contexts (Njie & Asimiran, 2014), by using diverse data collection methods, including semi-structured interviews (Getnet Agazu et al., 2022). The main objective of this study is to enhance understanding of the case. The minimal sample size for qualitative research interviews is 5 to 12 participants to achieve data saturation (Fugard & Potts, 2015; Braun, 2016; Guest et al., 2006; Morse, 2000) Consequently, twenty-one interviews with persons were conducted, deemed most appropriate for exploratory study. The researchers obtained a broader range of detailed information from the participants, indicating the flexibility of the semi-structured interview strategy (Miller, 2022; Esterberg, 2002). Through in-depth interviews with individuals, we gathered information about (Creswell, 2009) the hurdles to the adoption of Green HRM practices encountered by Small and Medium Enterprises in Pakistan

This study used purposive sampling since it is the most often applied strategy in qualitative research (Aldaihani & Data, 2021). Each interview with the participants lasted between 40 and 60 minutes and included open-ended questions formulated in English. The interviews were administered by HR managers of small and medium firms across Pakistan from November 2024 to December 2024. Upon concluding the interviews, the notes and recordings were used to transcribe the data. The finalized transcriptions were resent to the interviewers for any proposed alterations or adjustments. The coding themes and sub-themes were subsequently extracted from the transcriptions. Numerous coding sessions were undertaken to guarantee the accuracy and consistency of the interpretations. These sessions were designed to enhance and authenticate the generated codes and themes (Braun & Clarke, 2006). The transcriptions, together with the discovered themes and codes, were sent to two field specialists for review. Each transcription was analyzed individually and collectively to provide a comprehensive understanding of the participants' perspectives. Rigor was achieved by purposeful selection, the development of existing ideas, multiple coding, respondent validation, and triangulation (Power & Williams, 2001; Mays & Pope, 1995). The research used institutional theory, which asserts that organizations function within a larger institutional context including regulatory, cultural-cognitive, and normative factors. Institutional forces influence organizational behavior and procedures (Adithi, 2018; Dacin et al., 2002).

Results

The interviews were conducted with twenty-one HR managers at SMEs to identify the barriers they face in implementing Green HRM practices. Their interviews were transcribed, followed by the preparation of codes and themes, and the findings were documented. The study's findings are presented in detail below:

Lack of Environmental and Social Awareness

Eighty percent of respondents *“indicated a deficiency in environmental and social awareness among owners, suppliers, and customers. The proprietors use cost-cutting measures, regardless of their environmental impact, owing to severe inflation and frequent price volatility. Owners possess a poor comprehension of Green HRM practices and are unwilling to incur additional costs for sustainability”*. One respondent said that *“owners of SMEs disregard the environment and sustainability, showing indifference towards their Human Resources; hence, it is unlikely they will prioritize environmental concerns”* (R6).

One participant further said that “our culture and most owners lack a genuine understanding of sustainability; they are only ensnared by high inflation rates and political uncertainties. To meet the requirements, they pretend environmental friendliness, but in reality, they are not” (R17)

Insufficient Training and Development

Sixty percent of respondents asserted that “organizations are reluctant to provide substantial funds for training and development in sustainability and green HRM practices in SMEs. Furthermore, the results of the training are mostly theoretical, while the practical benefits are significantly limited” Three interviewees mentioned that “All Training including related to sustainability are confined to officers who are working at top hierarchy but the official who is working at workplaces and accountable for the major output remains no benefit of those training and there is no method for knowledge sharing” (R9, R11, R18).

Financial Constraints

All respondents said that “the initial costs of implementing Green HRM practices are too high, but the long-term benefits are advantageous. However, budgets are constrained, as owners prioritize profit and customers want goods and services at lower prices. Participants in the production-to-consumption hierarchy primarily want to maximize profit and usefulness, sometimes at the expense of sustainability and environmental considerations. They prioritize environmental concerns owing to certain current rules and relevant departments”

Inadequate Government Support

Eight percent of research participants indicated that “government support is insufficient. Numerous departments are associated with sustainability and environmental issues; yet, they are often implicated in corruption and fail to fulfill their responsibilities sincerely. The supporting atmosphere is absent, and there is a deficiency in expert and innovative approaches”. Two respondents said that “the main duty of government officials is to make money for themselves, exhibiting apathy towards other matters, particularly environmental concerns. Moreover, although providing support and encouragement, they create barriers if their expectations are unmet. As an HR specialist, I engage with many government agencies, including the Labor Department, EOBI, SESSI, SRB, and FBR. Each entity prioritizes collecting bribes above enforcing governmental restrictions; however, the FBR's conduct is somewhat better” (R11, R18).

Absence of Enforcement Mechanism

Ninety percent of participants said that “the enforcement mechanism is insufficient since the government only creates enthusiasm for sustainability without enacting substantial measures. No specific regulations govern the implementation of green HRM practices. Nonetheless, certain indirect rules are in place to safeguard the environment and foster sustainability. These restrictions serve just as guides; however, their enforcement is significantly inadequate. Bribing government officials undermines regulatory compliance by promoting rule infractions”.

Cultural and Behavioral Resistance

Eighty percent of respondents indicated “a prevalent resistance to change among the populace of Pakistan, who are averse to reform. They prefer using traditional methods for job completion. The staff demonstrate opposition to change”. Three respondents noted that “the prevailing culture in Pakistan is traditional, and the populace exhibits a lackadaisical attitude towards sustainability. Neither producers, suppliers, nor end

consumers demonstrate concern for sustainability, which complicates the implementation of green HRM practices in SMEs; in fact, standard HRM practices are often not adhered to in both letter and spirit” (R1, R7, R16)

Infrastructure and Technological Challenges

Sixty percent of respondents said that “access to green technology in Pakistan is limited. The inadequate waste management system, along with outdated infrastructure and technology, renders the environment unfavorable for the adoption of Green HRM practices in SMEs”.

Lack of Visionary Leadership

Fifty percent of respondents indicated that “the country's leadership lacks the vision necessary to address sustainability issues in Pakistan, resulting in dire environmental conditions. Additionally, SME owners perceive the implementation of green HRM practices as a financial burden, and their outlook on adopting such practices is limited compared to that of multinational corporations in Pakistan”.

Pressure from Suppliers and Customers

The majority of study respondents indicated that “suppliers and customers exert minimal pressure for sustainable products, and collaboration among stakeholders to adopt sustainable practices is weak. Consequently, this lenient attitude towards overall sustainability undermines the implementation of Green HRM practices in multinational corporations”. One participant noted that “all market forces are less inclined to embrace sustainability in Pakistan” (R21).

Lack of Tools for Evaluation

It was suggested by fifty percent of the respondents that “the absence of instruments for evaluating green human resource management practices is one of the primary reasons why small and medium-sized enterprises (SMEs) do not adopt green HRM practices. In addition, they said that there are no tools accessible for core HRM practices, which makes the adoption process very challenging”. Two respondents said that “the modern HR tools, processes, and procedures used by developed nations are not adopted in Pakistan, thereby hindering the adoption of green HRM policies” (R1, R15).

Discussion

The obstacles encountered by SMEs in adopting Green HRM practices provide a complicated environment that hinders their capacity to incorporate sustainability into their human resource operations (Papademetriou et al., 2023). The green HRM is still infancy (S. Khan & Faisal, 2023) The study indicated that individuals in Pakistan possess limited awareness among owners, employees, and the general public of environmental changes, and companies do not associate sustainability with HRM practices; their mindset remains traditional and lacks inclination towards sustainability and its practices to preserve the Earth for future generations (Kamrunnahr et al., 2023). Furthermore, there is a critical need for training about sustainability, which enables HR professionals, small and medium-sized enterprise owners, and workers to align rules, practices, and procedures with Green HR policies (Hussain et al., 2022; Yousfani & Shaikh, 2024). There are financial constraints that hinder to implementation of Green HRM practices in SMEs (Cheema et al., 2015). Government support is insufficient to implement Green HRM practices in Pakistan (Mahrukh, 2021). Additionally, several notable themes were highlighted that were not adequately explored before, such as low implementation of Green HRM practices in SMEs due to lack of a workable procedure, poor sustainable

leadership, poor culture, inadequate implementation frameworks, as well as low practical expectation to carry out initiatives that instill the use of Green HRM in SMEs.

Recommendations

It is imperative to urge the SMEs in Pakistan to integrate the GHRM concepts into their business strategies for enhanced longevity. This demonstrates the merits not only to the SMEs but also to the entire ecosystem. These programs focus on improving the dissemination of knowledge and information on environmentally friendly practices. Pakistan's small and medium enterprises must consolidate their efforts in spreading green human resource management practices. Such requirements must include sustainable recruitment, selection, training, and reward systems. Conduct outreach activities to the SMEs in Pakistan to sensitize employees and other relevant GHRM stakeholders. These strategies might enforce a sustainable culture and make every stakeholder in the organization's sustainability goals. In addition, these concepts give a step-by-step approach for firms in Pakistan to adopt GHRM practices with an emphasis on long-term sustainability challenges such as policy frameworks, management of information, and increased activism. All stakeholders need to develop the mindset to adopt Green HRM practices after a considerable level of public awareness has been created and the relevant policy framework has been endorsed. A distinction should be established between companies that use Green HRM practices and those that do not, with governmental incentives, like as tax rebates, provided to the former. Employing these strategies may foster ecological preservation and organizational success.

Conclusion

The findings of the study point out the structural and organizational factors that inhibit SMEs from adopting Green HRM strategies and engaging in sustainable practices. Some of the challenges include a lack of environmental & social awareness as well as a lack of appropriate training and development. Financial constraints, and lack of adequate support from the state. Absence of the enforcement mechanism; resistance based on culture or behavioral factors. Problems related to infrastructure and technology. Lack of opportunities for creative leadership, low level of suppliers and customers' motivation, and lack of evaluation means. The research indicates that particular measures in tackling the challenges presented require a sharper focus and all stakeholders should put Green HRM policies into practice. Upon augmenting employee knowledge and offering training, development, and capacity-building programs, SMEs may align Green HRM practices with their corporate vision, purpose, and goals, to achieve sustainability. Overcoming these hurdles is essential for establishing SMEs as significant contributors to sustainable development in Pakistan. Implementing Green HRM practices enables SMEs to improve competitiveness, organizational efficiency, and compliance with sustainability reporting, thus facilitating the attainment of objectives established by international organizations for sustainable development goals. The institutional theory used in the research outlined the external and internal environments and their elements that hinder the adoption of Green HRM practices in SMEs. It provided practical suggestions for stakeholders and policymakers to improve institutional support for Green HRM in SMEs. Moreover, the theory emphasizes that socioeconomic and cultural factors are significant to the implementation of Green HRM practices in Pakistan's SME sector.

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