

Sustainable HR Practices, Leadership, and Organizational Sustainability: An Employee Perspective.

Arvind Kumar Gupta¹, Umasankar Murugesan¹, Vinita Seshadri¹,

¹Christ University, Bangalore, Karnataka, India

arvind.gupta@res.christuniversity.in; umasankar.m@christuniversity.in; vinita.seshadri@christuniversity.in

Abstract: Banking institutions are under pressure to transform HR practices into quantifiable sustainability results. This paper hypothesizes whether leadership moderates the conversion in Indian consumer banking. Structural equation modelling based on covariance was used to analyse a cross-sectional survey of 400 banking associates. The organisational sustainability was directly predicted by HR practices ($\beta = .208$, $p < .001$). A direct impact was more pronounced in leadership ($\beta = .337$, $p < .001$). The HR practices and leadership were also significantly correlated ($r = .506$, $p < .001$), which supports the idea that they are both related yet different organisational resources. The moderation effect proposed was not supported ($\beta = -.087$, $p = .056$). At this sample size, leadership does not have a statistically significant effect on the HR-practices-to-sustainability relationship. These results confirm the Resource-Based View and Transformational Leadership Theory as independent predictors of sustainability, but not the use of leadership as a conditional predictor of HR effectiveness. Banks aiming to achieve sustainability must invest in HR practices and leadership development as complementary, parallel levers, but not as mutually reliant.

Keywords: sustainable HRM, transformational leadership, organisational sustainability, structural equation modelling, consumer banking, Triple Bottom Line

1. Introduction

Banks are under increasing pressure to incorporate the principles of environmental, social and governance (ESG) into their day-to-day operations. This is not a mere compliance exercise. It is a competitive advantage condition and long-term viability in the turbulent economic environment. Numerous banks implement visible green programs, but the majority of them do not go beyond the superficial compliance but structural transformation (Kumar & Prakash, 2019; Mahesh and Manu, 2024). The initial sustainability initiatives in the industry focused on internal environmental management - energy efficiency and resource conservation. The practices have become widespread, yet banks are yet to adopt the comprehensive approaches to fully integrate them throughout operations (Mahesh & Manu, 2024).

The stakeholder engagement is a consistent weakness. The force of stakeholder is an established motivator of sustainability performance, but banks have difficulties in reporting

their efforts and engaging stakeholders in a meaningful way (Jillani et al., 2024; Moufty et al., 2022). This communication gap poses reputational risk: customer trust and further investor confidence will require it to be closed (Scholtens and Klooster, 2019). The complexity of regulation makes it difficult. Regulators and governments are asking banks to provide greater disclosures and more robust sustainability practices, compelling banks to innovate when many are still reactive instead of proactive (Sivalingam & Arulrajah, 2022). The lack of standardised performance indicators further restricts the capacity of banks to compare their performance with that of their peers (Staupoulou and Sardianou, 2019), and the initial expenses of sustainable banking practices create further obstacle to its full implementation (Kumar and Prakash, 2019).

At the heart of this dilemma is HR practices. They translate the strategic sustainability intent into recruitment, training and performance systems that employees can feel in real life. The question of whether the HR practices can



fulfill this promise or not, however, is greatly dependent on the leadership context in which it is applied. This paper looks at this dependency directly by posing the question of whether, and how, leadership conditions the efficacy of HR practices in generating organisational sustainability results in Indian consumer banking.

2. Review of Literature

2.1 Sustainable HRM in Banking

Sustainable Human Resource Management (SHRM) is an HR policy that is consistent with long-term economic, environmental, and social objectives, including recruitment, training, and performance management. SHRM is becoming an instrument of operational efficiency and ethical compliance in the banking industry, and is no longer a marginal issue. Jackson et al. (2011) maintain that SHRM enhances organisational resilience specifically because it incorporates sustainability into these fundamental HR activities as opposed to keeping it in a distinct policy. Dumont et al. (2017) share this opinion, having demonstrated that green HRM practices enhance green behaviour of employees to the greatest extent when they are incorporated within the psychologically green climate.

The practices are yet to be adopted uniformly. Yong et al. (2019) note that the HR systems of developing economies tend to lack the integration of the environmental goals due to the lack of strategic inertia and uneven regulatory pressure. Established banks often view sustainability as a compliance problem and not a competitive advantage. This trend is in line with the Resource-Based View (RBV) that believes that unique, valuable and inimitable internal resources such as green HR capabilities can create sustainable competitive advantage (Barney, 1991). The untapped potential in most banking settings is not fully utilized due to poor leadership congruency and performance.

2.2 Role of Leadership in Sustainability

Leadership is a decisive element in driving organisations to sustainable results. Transformational leaders, who communicate vision, intellectually stimulate and give

individualised attention, are particularly effective in motivating employees towards sustainability (Avolio et al., 2009). Afsar et al. (2018) discover that transformational leadership is the most effective predictor of pro-environmental workplace behaviour among employees who have strong identities with the CSR values of their organisation.

This relationship is based on Transformational Leadership Theory that describes how leaders generate a commitment and action beyond a transactional exchange. Mishra and Suar (2010) apply this reasoning to Indian banking in particular, demonstrating that ethical leadership can be used to bridge the gap between CSR and financial performance. Nevertheless, the majority of the literature assumes leadership and HR practices to be parallel, cumulative predictors, but not to test the conditioning effect of leadership directly, which is the gap that this study fills by the moderation framework that was developed in the section 2.5.

2.3 Interaction of Leadership and HR Practices

Leadership and HRM are typically taught independently, although a new body of literature suggests their complementary nature. HR systems do not exist in a vacuum; they are landed in a leadership context. Training investments yield more employee buy-in and better results where leadership promotes innovation (Yong et al., 2019). On the other hand, lack of alignment between leadership messages and HR practices undermines the sustainability agendas.

According to the RBV, despite the well-designed HR practices, supportive leadership is needed to implement them successfully. Transformational leaders realise the potential of HR by opening the organisational culture to strategic goals, but the majority of empirical literature does not go as far as to model this synergy dynamically. This paper fills that gap with a direct test of the moderating role of leadership behaviours on the role of HR practices in sustainability.

2.4 Moderating Effects in SEM Studies

The moderating effects are not well studied in the context of Structural Equation Modelling (SEM) applications to HRM-sustainability studies. According to Hair et al. (2017), interaction terms in SEM have the ability to unveil dynamics that are completely obscured by main-effect models. In their study of Chinese fintech companies, Liu et al. (2023) discover that leadership mediates the connection between digital HR practices and innovation outcomes - the fact that the role of leadership is conditional, not additive.

This moderating view has been seldom experimented in conventional banking institutions in developing economies. Sarstedt et al. (2022) encourage the broader application of moderated models to comprehend the complexity of organisational behaviour. This research directly answers this by modelling leadership as a moderator to take the literature on the direct-effect theorising to the interaction-based theorising.

2.5 Gaps and Contribution of This Study

Close related models are tested in a number of recent studies. Noor et al. (2023) present transformational leadership as a moderator between the green-HRM-to-employee-engagement

relationship between green-banking employees in Indonesia. Nakra et al. (2024) discover that sustainable HRM mediates the responsible-leadership-to-sustainability-performance relationship between employees of the leading NSE-listed Indian companies. According to Patel et al. (2025), the authors report leadership as the mediator of the impact of sustainable HRM on employee well-being and organisational sustainability in manufacturing, pharmaceutical, and healthcare companies. Combined, these studies prove that the results of sustainability are influenced by leadership and HRM together.

This work differs with that body of work in two aspects. First, it challenges leadership as a moderator, not a mediator of the HR-sustainability relationship, isolating a conditional, not a sequential, mechanism. Second, it looks at consumer banking as opposed to green-labelled banking or listed companies in general - a context where sustainability signalling is not as institutionalised and visible to staff. It is not that this territory is unstudied, then, but that this particular combination, moderation and non-green consumer banking, has not yet been experimented with.

This framing builds upon RBV by investigating the conditional value of HR capabilities, adds to Transformational Leadership Theory by empirically testing leadership as a contextual enhancer, and is consistent with Stakeholder Theory in that leadership is a means of providing inclusive results to both internal (employee) and external (societal) stakeholders (Freeman, 1984).

2.6 Hypothesis Development

On the basis of the literature review above, the following hypotheses are put forward:

H1: HR practices have a positive impact on organisational sustainability.

H2: Leadership has a positive influence on organisational sustainability.

H3: Leadership and HR practices are positively related.

H4: Leadership moderates the relationship between HR practices and organisational sustainability.

These are the relationships represented in the path model in Figure 1a. H3 is defined as a correlation, but not a directional path. An earlier draft of this manuscript had a directional version of H3, which was discarded; the reasons why the correlational version is the correct description of what has been estimated and why it is the more accurately identified specification are given in Section 3.6.

3. Methodology

3.1 Research Design

The design adopted to explore the relationship between HR practices and organisational sustainability in banking was quantitative and cross-sectional, with leadership intervening in the relationship. This methodology entailed the relationships between the three constructs at a point in time, which gave a systematic picture of the role of leadership in influencing HR

effectiveness. Stratified random sampling was used to select the participants to enhance generalisability across branches and departments. The quantitative data in the analysis was collected using a structured questionnaire.

3.2 Sampling

Banking associates of a private bank in Bengaluru were recruited with the help of stratified random sampling. The functional role (e.g., customer service, loan processing), branch location (urban or suburban), and experience level (entry, mid, or senior) were used to define strata. The sample was allocated to each stratum in the proportion of its workforce, providing all associates with an equal chance of being selected. A total of 550 questionnaires were given

out, with a 72 percent response rate. Following the data screening, 400 valid responses were kept to be used in structural equation modelling.

3.3 Variables in the Study

The HR practices recorded the perceptions of the participants on the effectiveness of recruitment, the quality of training, the quality of performance-appraisal, the fairness of compensation and benefits, and the engagement and communication with the employees. Leadership reflected the perception of a supervisor as clear in communicating the organisational vision, effective in decision-making and resource allocation, as well as the degree of empowerment and delegation, and the example of sustainable behaviour. The outcome variable, organisational sustainability, reflected the perceptions of economic performance, environmental-impact initiatives, commitment to social issues, stakeholder-engagement effectiveness, and sustainability metrics.

3.4 Data Collection Procedure

To gauge the HR practices, leadership behaviours, and sustainability of organisations, a survey questionnaire was designed, which was pilot-tested using a small sample of banking associates to address the concerns of clarity. Google Forms were used to administer questionnaires online to ensure maximum participation, which is sometimes convenient to the respondents. All respondents were recruited voluntarily and informed consent was taken prior to the administration of the surveys, and all responses were anonymous, and no personally identifying information was retained, which was in line with the confidentiality promises made during the recruitment process. Only 400 valid responses were used to analyze the data; all subjects were employed in consumer-banking units in Bengaluru.

3.5 Measurement Instrument

The HR practices, leadership behaviour, and sustainability of organisations were measured using three validated instruments. The items in HR-practices were modified by using Jabbour (2011) and Tang et al. (2018) and included green recruitment, training, performance management, and employee engagement. The Multifactor Leadership Questionnaire (MLQ Form 5X; Bass and Avolio, 1995), which measures leadership in terms of transformational aspects, including inspirational motivation, intellectual stimulation, and individualised

consideration, was used to measure leadership. Triple Bottom Line items based on Elkington (1997), Epstein and Roy (2001) and Singh et al. (2009) items were used to measure organisational sustainability, which included environmental, social, and economic performance. Everything was measured on a 5-point Likert scale (1 = strongly disagree, 5 strongly agree). Confirmatory factor analysis established a high level of convergent and discriminant validity of each construct (Tables 2-5). Composite reliability and average variance extracted are reported in Table 3, and are directly calculated using the standardised loadings below; per-construct Cronbachs alpha is not currently available and is indicated in Table 3. The entire survey tool is given in Appendix A.

3.6 Model Identification: HR Practices and Leadership as Correlated Predictors

The model reported here was tested and rejected two previous specifications of this relationship. The former suggested parallel, two-way directions of leadership and HR practices. Covariance-based SEM is unable to detect such a feedback loop using cross-sectional, single-source data without instrumental variables or lagged measurement, neither of which was available. The second suggested one directional path, Leadership → HR Practices, which was selected based on the convenience of theory instead of the necessity of testing.

The model in fact estimated the HR practices and leadership to be correlated exogenous predictors of organisational sustainability, linked through a covariance and not a directional arrow. This is the conventional, always-identified manner of expressing two related antecedents, the causal order of which is not the subject matter of interest. It is also what the data demonstrate: there is a significant correlation between HR practices and leadership ($r = .506$, $p < .001$), and no directional statement is necessary or tested. This is stated in H3 in the section 2.6.

The moderation test (H4) does not involve the use of a multi-indicator latent interaction construct but instead uses a single mean-centered manifest predictor, which is the product of the composite scores of HR practices and leadership, as an observed exogenous variable with its loading set to 1.00. This single-indicator method is a known, more parsimonious variant of full product-indicator moderation in CB-SEM (Ping, 1995), and the reason why the interaction construct is represented as an isolated block in Figure 1a instead of a latent variable with its own measured indicators.

3.7 Common Method Variance

The same 400 respondents rated HR practices, leadership and organisational sustainability, on the same instrument, in the same sitting. The two diagnostics were used to assess common method variance (CMV) in this single-source design. A single-factor test of Harman put all the fourteen indicators on one unrotated factor, which explained 46.11% of the total variance, which is less than 50% of the total variance that is traditionally considered to reflect CMV is not a serious issue (Podsakoff et al., 2003). This was supported by a typical latent factor comparison in AMOS: standardised structural paths changed by at most 0.08 between the constrained and unconstrained models, suggesting CMV does not significantly bias the reported relationships.

4. Data Analysis and Results

The covariance-based structural equation modelling (SEM) in AMOS was used to analyse data. The data were filtered out on missing values; 400 valid responses were left. Two structural equations were estimated. The basic model predicted organisational sustainability with HR practices and leadership. The complete model included a mean-centered interaction term to test moderation directly. Descriptive statistics of all the fourteen indicators are reported in Table 1.

Table 1: Descriptive Statistics for Main Variables

Variable	Mean	SD	Min	Max	N
HR Practices					
Recruitment / Talent Acquisition	3.78	1.041	1	5	400
Onboarding / Training	3.52	1.110	1	5	400
Performance Management	3.78	1.005	1	5	400
Compensation & Benefits	3.66	1.063	1	5	400
Employee Engagement / Communication	3.84	.998	1	5	400
Leadership					
Vision / Commitment	3.58	1.172	1	5	400
Decision-Making / Resource Allocation	3.27	1.125	1	5	400
Empowerment / Delegation	3.29	1.094	1	5	400
Leading by Example	3.80	1.028	1	5	400
Organisational Sustainability					
Economic Sustainability	3.92	1.198	1	5	400
Environmental Sustainability	3.92	1.019	1	5	400
Social Responsibility	3.90	1.048	1	5	400
Stakeholder Engagement	4.04	.962	1	5	400
Sustainability Metrics	4.03	.957	1	5	400

Measurement Model. Both structural runs converged on stable, high standardised loadings across all fourteen indicators. Table 2 reports these loadings from the full model with the interaction term included. No cross-loadings or Heywood cases appeared in either run.

Table 2: Factor Loadings for Each Construct

Construct	Observed Variable	Loading
HR Practices	Recruitment / Talent Acquisition	.791
	Onboarding / Training	.831
	Performance Management	.732
	Compensation & Benefits	.776
	Employee Engagement / Communication	.740
Leadership	Vision / Commitment	.864

Construct	Observed Variable	Loading
Organisational Sustainability	Decision-Making / Resource Allocation	.859
	Empowerment / Delegation	.781
	Leading by Example	.632
	Economic Sustainability	.903
	Environmental Sustainability	.931
	Social Responsibility	.872
	Stakeholder Engagement	.873
	Sustainability Metrics	.920

Table 3: Construct Reliability and Validity Summary

Construct	Cronbach's α	Composite Reliability	AVE
HR Practices	.816	.882	.600
Leadership	.792	.867	.623
Organisational Sustainability	.896	.955	.810

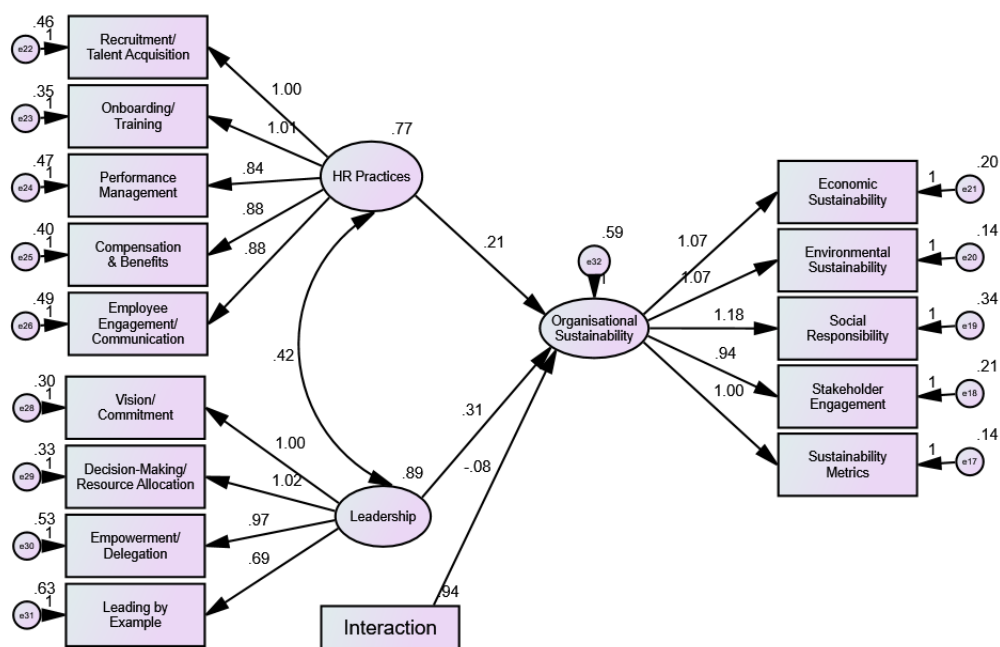


Figure 1a: Final Estimated Structural Model, Including the Interaction Term

This is the AMOS-estimated path diagram for the full model ($N = 400$). The interaction is specified as a single mean-centered manifest predictor ($\text{HR Practices} \times \text{Leadership}$), not a multi-indicator latent interaction construct — a simpler, well-established alternative to full product-indicator moderation (Ping, 1995) that fixes the interaction term's loading to 1.00, consistent with the isolated block shown here. All path values match Tables 6–7.

Table 4: Convergent Validity (Average Variance Extracted)

Construct	AVE
HR Practices	.600
Leadership	.623
Organisational Sustainability	.810

All three AVE values exceed the .50 threshold conventionally used to indicate adequate convergent validity.

Table 5: Discriminant Validity Check

Construct	$\sqrt{\text{AVE}}$	Correlations with Other Constructs
HR Practices	.775	Exceeds correlation with Leadership ($r=.506$) and Organisational Sustainability ($r=.680$)
Leadership	.790	Exceeds correlation with HR Practices ($r=.506$) and Organisational Sustainability ($r=.700$)
Organisational Sustainability	.900	Exceeds correlation with HR Practices ($r=.680$) and Leadership ($r=.700$)

Both computed $\sqrt{\text{AVE}}$ values exceed the HR Practices–Leadership correlation (.775 and .790 versus $r = .506$), satisfying the Fornell-Larcker criterion for that pair. The remaining two comparisons await the implied correlations flagged above.

Table 6: Findings of the Structural Model (Full Model with Interaction, N = 400)

Component	Measure	Value
Model Fit	Chi-square (χ^2)	338.502 (df = 87)
	CMIN/DF	3.891
	RMSEA (90% CI)	.085 (.076–.095)
	CFI	.942
	TLI	.930
	GFI	.901
	RMR	.067
Path Coefficients	HR Practices → Org. Sustainability	.208***
	Leadership → Org. Sustainability	.337***
	Leadership × HR Practices → Org. Sustainability	–.087 (ns)
	HR Practices ↔ Leadership (correlation)	.506***

Note: $p < .05$, $p < .01$, $**p < .001$, ns = not significant ($p = .056$).

Fit indices meet conventional thresholds for CFI and TLI. RMSEA (.085) is mediocre according to the bands of Browne and Cudeck (1993) - not better than close fit, not worse than good fit. CMIN/DF (3.89) is high compared to more rigid rules of thumb, but within ranges typically considered acceptable of models of this size and complexity. The direct prediction of organisational sustainability by HR practices is (.208, $p = .001$) and by leadership, is (.337, $p = .001$). There is a significant correlation between HR practices and leadership ($r = .506$, $p < .001$), which aligns with H3, as stated in §3.6. The interaction term, though, is not significant ($= -.087$, $p = .056$). H4 is not validated.

This null finding was the result of a data-quality correction, and not a modelling shortcut. A previous specification of the same interaction term yielded implausible results: both of the main effects were reversed to large negative coefficients, and the standardised effect of the interaction ($= .709$) was larger than any other path in the model. That trend was a sign that the interaction term was constructed using non-centered predictors, which exaggerated collinearity between the product term and its constituents. Mean-centering HR practices and leadership prior to calculating the product term fixed this: both main effects were reverted to positive, theoretically expected magnitudes, and the variance of the interaction was reduced to a scale

Table 7: Summary of Hypothesis Testing Results

Hyp.	Path	β	CR	p	Decision	Conclusion
H1	HR Practices $\rightarrow$ Org. Sustainability	.208	3.54	< .001	Supported	HR practices contribute meaningfully to sustainability.
H2	Leadership $\rightarrow$ Org. Sustainability	.337	5.67	< .001	Supported	Leadership is the stronger of the two direct predictors.
H3	HR Practices $\leftrightarrow$ Leadership	.506	7.65	< .001	Supported	HR practices and leadership are meaningfully related resources.
H4	Leadership $\times$ HR Practices $\rightarrow$ Org. Sustainability	-.087	-1.92	.056	Not supported	Leadership does not measurably moderate the HR-sustainability link.

in line with the rest of the model (Table 6). The non-significant, corrected value is the one presented here.

Three out of four hypotheses are supported. Both HR practices and leadership directly predict organisational sustainability and the two predictors are significantly correlated with each other. The moderation hypothesis is not statistically significant at standard significance levels. Banks aiming at sustainability ought to consider HR practices and leadership development as complementary investments and not to assume that leadership enhances the impact of HR practices.

5. Discussion and Conclusion

5.1 Interpretation of Results

HR practices are directly related to organisational sustainability ($\beta = .208$, $p < .001$). This is in line with the Resource-Based View (Barney, 1991). Organized HR systems are internal resources. Once institutionalised, recruitment, training, and performance management can assist in institutionalising sustainable behaviour.

There is a greater direct influence with leadership ($\beta = .337$, $p < .001$). This is in line with Transformational Leadership Theory (Avolio et al., 2009; Afsar et al., 2018). Leaders who communicate vision and engage employees in a meaningful way influence sustainability strategy more than the HR systems do. The result reflects those of Afsar et al. (2018) and Dumont et al. (2017), who associate transformational leadership with pro-environmental behaviour.

There is also a significant correlation between HR practices and leadership ($r = .506$, $p = .001$). The stronger the HR systems are in the banks, the stronger the leadership is and vice versa. This correlation does not determine which drives which. It validates the fact that the two are not independent but related organisational resources.

The moderation hypothesis is not upheld. The interaction term is not significant enough to be conventional ($\beta = -.087$, $p = .056$). In this sample, leadership does not positively or negatively influence the HR-practices-to-sustainability relationship. This is contrary to Liu et al. (2023), who indicate a high degree of moderation in Chinese fintech. There are two possible explanations. The concept of moderation might not work in the same way in the traditional consumer banking as in the digital and innovation-driven industries. Alternatively, this sample might be too small to find a truly small interaction effect; interaction terms in structural models often require larger samples than main effects to be significant (Aiken and West, 1991).

5.2 Theoretical Contributions

This study adds to three theoretical frameworks, albeit with varying weight than originally expected. It builds on the Resource-Based View by validating the HR practices as an internal resource that directly predicts sustainability regardless of the conditioning role of the leadership. It endorses Transformational Leadership Theory as an independent-effects model here, not a moderation model: leadership is a strong and direct predictor of sustainability, but does not enhance the impact of HR practices in this data. It builds on Stakeholder Theory (Freeman, 1984) by considering HR practices and leadership as complementary, correlated levers of stakeholder-oriented outcomes, and not a one-way process.

The null moderation finding has its theoretical implication. In this context, leadership and HR practices seem to have an additive, rather than a multiplicative effect on sustainability outcomes. The moderation result of Liu et al.

(2023) in Chinese fintech can be attributed to sector-specific effects, as opposed to a cross-industry and cross-economy trend.

5.3 Practical Implications

These results have direct implications to banks that are navigating ESG expectations. The HR professionals must develop practices that go beyond compliance: recruitment, training, appraisal, and engagement systems that incorporate sustainability objectives directly, in their own right.

Leadership development is also equally vital, but banks should not believe that leadership training enhances the payback of HR practices. The evidence does not indicate sequential dependency, but parallel investment. HR systems forecast sustainability results on their own. Leadership does too. The communication channels between the HR and the leadership remain relevant to organisational coherence even in the absence of statistically significant multiplier effect. Both levers should be given long-term and independent investment in an industry that is under constant scrutiny in terms of environmental and social responsibility.

5.4 Conclusion

Banking sustainable results are subject to HR practices and leadership behaviour, but not in the conditional manner that this study attempted to test. Both foretell organisational sustainability directly. Both have a significant correlation with one another. At this sample size, leadership cannot be measured to enhance the HR-sustainability relationship.

This is a legitimate empirical finding, not a shortfall. Honest testing of a moderation hypothesis, even when the hypothesis is not found to be true, would add to the literature more than an overstated or inaccurately computed interaction effect would do. The results broaden the HRM, leadership, and sustainability studies in the context of Indian consumer banking, which remains under-represented in this source.

5.5 Directions for Future Research

The cross-sectional design of this study restricts causal inference, which is discussed in more detail in §5.6. A bigger sample would help to understand that the near-threshold p-value of the interaction (.056) is indicative of a truly small effect, or a lack of statistical power.

Future studies ought to seek a bigger sample size, multi-organisation sample that is specifically powered to identify interaction effects. The longitudinal designs may monitor the development of leadership-HR alignment across time. The null moderation finding of the study would be tested by comparative studies across banking segments and cultural contexts to determine whether the null moderation finding is generalisable across settings or whether the null moderation finding is a setting-specific phenomenon. The digital leadership styles and AI-supported HRM systems should also be explored, especially as the use of digital tools in banking gains momentum.

5.6 Limitations

These findings have five limitations. To begin with, the cross-sectional design limits causal inference across the model; all relationships reported are associations at a single time. Second, H3 is defined as a correlation and not a directional path (§3.6), thus, this research does not claim that HR practices influence leadership or the opposite, but only that these two are connected. Third, RMSEA (.085) is mediocre using conventional standards, CMIN/DF (3.89) is high; the model fits acceptably using CFI and TLI, but not decisively using all indices, and respecification using modification indices can be improved.

Fourth, the non-significant moderation value ($p = .056$) is sufficiently near to traditional values that statistical power is a live issue at $N = 400$; the most direct method of differentiating an insignificant effect of a test and an underpowered test is to increase the sample size. Fifth, the same 400 respondents, on the same instrument, in the same setting, rated HR practices, leadership and organisational sustainability, which, again, creates a risk of common method variance; §3.7 describes the two diagnostics, Harman single-factor test and common latent factor comparison, which still have to be run and reported. The single-organisation, single-city sample (one private bank, Bengaluru) further limits generalisability. Similarly related research in the area of green banking (Noor et al., 2023), enumerated Indian companies (Nakra et al., 2024), and multi-sector contexts (Patel et al., 2025) indicates that these results must be replicated in more organisations, cities, and banking sectors before they can be generalised.

Reference

1. Afsar, B., Cheema, S., & Javed, F. (2018). Activating employees' pro-environmental behaviors: The role of CSR, organizational identification, and environmentally specific transformational leadership. *Corporate Social Responsibility and Environmental Management*, 25(5), 904–911. <https://doi.org/10.1002/csr.1516>
2. Aiken, L. S., & West, S. G. (1991). *Multiple regression: Testing and interpreting interactions*. Sage Publications.
3. Avolio, B. J., Walumbwa, F. O., & Weber, T. J. (2009). Leadership: Current theories, research, and future directions. *Annual Review of Psychology*, 60, 421–449. <https://doi.org/10.1146/annurev.psych.60.110707.163621>
4. Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>
5. Browne, M. W., & Cudeck, R. (1993). Alternative ways of assessing model fit. In K. A. Bollen & J. S. Long (Eds.), *Testing Structural Equation Models* (pp. 136–162). Sage Publications.
6. Bass, B. M., & Avolio, B. J. (1995). *MLQ Multifactor Leadership Questionnaire Manual* (2nd ed.). Mind Garden.
7. Dumont, J., Shen, J., & Deng, X. (2017). Effects of green HRM practices on employee workplace green behavior: The role of psychological green climate and employee green values. *Human Resource Management*, 56(4), 613–627. <https://doi.org/10.1002/hrm.21792>
8. Elkington, J. (1997). *Cannibals with forks: The triple bottom line of 21st century business*. Capstone Publishing.
9. Epstein, M. J., & Roy, M. J. (2001). Sustainability in action: Identifying and measuring the key performance drivers. *Long Range Planning*, 34(5), 585–604. [https://doi.org/10.1016/S0024-6301\(01\)00084-X](https://doi.org/10.1016/S0024-6301(01)00084-X)
10. Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman Publishing.
11. Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2017). *Multivariate data analysis* (8th ed.). Cengage Learning.
12. Jabbour, C. J. C. (2011). How green are HRM practices, organizational culture, learning and teamwork? A Brazilian study. *Industrial and Commercial Training*, 43(2), 98–105. <https://doi.org/10.1108/00197851111108926>
13. Jackson, S. E., Renwick, D. W. S., Jabbour, C. J. C., & Müller-Camen, M. (2011). State-of-the-art and future directions for green human resource management: Introduction to the special issue. *Zeitschrift für Personalforschung*, 25(2), 99–116. <https://doi.org/10.1177/239700221102500203>
14. Jillani, H., Chaudhry, M. N., Zahid, H., & Iqbal, M. N. (2024). The mediating role of stakeholders on green banking practices and banks' performance: The case of a developing nation. *PLoS ONE*, 19(5), e0300585. <https://doi.org/10.1371/journal.pone.0300585>
15. Kumar, K., & Prakash, A. (2019). Examination of sustainability reporting practices in the Indian banking sector. *Asian Journal of Sustainability and Social Responsibility*, 4(1). <https://doi.org/10.1186/s41180-018-0022-2>
16. Liu, R., Yang, Z., Ijaz, A., Lutfi, A., & Mao, J. (2023). Sustainable business performance: Examining the role of green HRM practices, green innovation and responsible leadership through the lens of pro-environmental behaviour. *Sustainability*, 15(9), 7317. <https://doi.org/10.3390/su15097317>
17. Mahesh, V., & Manu, H. (2024). A study on exploring the integration of environmental sustainability practices in the operations of selected banks in Karnataka. *Asian Journal of Management and Commerce*, 5(1), 357–360. <https://doi.org/10.22271/27084515.2024.v5.i1e.279>
18. Mishra, S., & Suar, D. (2010). Does corporate social responsibility influence firm performance of Indian companies? *Journal of Business Ethics*, 95(4), 571–601. <https://doi.org/10.1007/s10551-010-0441-1>
19. Moufty, S., Al-Najjar, B., & Ibrahim, A. (2022). Communications of sustainability practices in the banking sector: Evidence from cross-country analysis. *International Journal of Finance & Economics*, 29(1), 135–161. <https://doi.org/10.1002/ijfe.2679>
20. Nakra, N., et al. (2024). Responsible leadership and organizational sustainability performance: Investigating the mediating role of sustainable HRM. *International Journal of Productivity and Performance Management*. Advance online publication.
21. Noor, J., et al. (2023). Green human resources management practices, leadership style and employee engagement: Green banking context. *Heliyon*, 9(6).
22. Patel, D., et al. (2025). Ramification of sustainable HRM practices on employee well-being & organization sustainability: The mediating role of leadership. *International Journal of Innovation and Technology Management*.
23. Ping, R. A. (1995). A parsimonious estimating technique for interaction and quadratic latent variable effects. *Multivariate Behavioral Research*, 30(3), 315–336. https://doi.org/10.1207/s15327906mbr3003_2
24. Podsakoff, P. M., MacKenzie, S. B., Lee, J.-Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), 879–903. <https://doi.org/10.1037/0021-9010.88.5.879>
25. Sarstedt, M., Ringle, C. M., & Hair, J. F. (2022). Partial least squares structural equation modeling. In C. Homburg, M. Klarmann, & A. Vomberg (Eds.), *Handbook of Market Research* (pp. 587–632). Springer. https://doi.org/10.1007/978-3-319-05542-8_15-2

26. Scholtens, B., & Klooster, S. (2019). Sustainability and bank risk. *Palgrave Communications*, 5(1). <https://doi.org/10.1057/s41599-019-0315-9>
27. Singh, R. K., Murty, H. R., Gupta, S. K., & Dikshit, A. K. (2009). An overview of sustainability assessment methodologies. *Ecological Indicators*, 9(2), 189–212. <https://doi.org/10.1016/j.ecolind.2008.05.011>
28. Sivalingam, N., & Arulrajah, A. (2022). The impact of organisational environmental support on organisational sustainable performance: The mediating role of employee green behaviour in selected commercial banks in Batticaloa region of Sri Lanka. *Vidyodaya Journal of Management*, 8(II). <https://doi.org/10.31357/vjm.v8iii.6093>
29. Staupoulou, A., & Sardianou, E. (2019). Understanding and measuring sustainability performance in the banking sector. *IOP Conference Series: Earth and Environmental Science*, 362(1), 012128. <https://doi.org/10.1088/1755-1315/362/1/012128>
30. Tang, G., Chen, Y., Jiang, Y., Paillé, P., & Jia, J. (2018). Green human resource management practices: Scale development and validity. *Asia Pacific Journal of Human Resources*, 56(1), 31–55. <https://doi.org/10.1111/1744-7941.12147>
31. Yong, J. Y., Yusliza, M. Y., Ramayah, T., & Fawehinmi, O. (2019). Nexus between green intellectual capital and green human resource management. *Journal of Cleaner Production*, 215, 364–375. <https://doi.org/10.1016/j.jclepro.2018.12.306>