






# The effect of GHRM on young employee retention and performance: Evidence from Indonesia



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## Dates:

Received: 11 Nov. 2024  
 Accepted: 04 Feb. 2025  
 Published: 31 Mar. 2025

## How to cite this article:

Palupiningtyas, D., Octafian, R., Mistriani, N., Ayunda, K.N.D., & Putra, M.A. (2025). The effect of GHRM on young employee retention and performance: Evidence from Indonesia. *SA Journal of Human Resource Management/SA Tydskrif vir Menslikehulpbronbestuur*, 23(0), 2886. <https://doi.org/10.4102/sajhrm.v23i0.2886>

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**Orientation:** Green Human Resource Management (GHRM) is vital for enhancing human asset management, helping companies retain talent and boost organisational performance.

**Research purpose:** This research investigates the impact of GHRM practices on employee performance and young talent retention, as well as the connection between GHRM and employee performance through talent retention in star-rated hotels in Central Java, Indonesia.

**Motivation for the study:** This study assesses the impact of GHRM practices on young talent retention, employee performance, and the mediating role of young talent retention in linking GHRM to employee performance in the hospitality industry.

**Research approach/design and method:** This study employs a quantitative approach with a survey method involving 400 young workers (ages 18–35 years) from three-star and above hotels in Central Java, Indonesia. The data were analysed using structural equation modelling (SEM) and PLS software.

**Main findings:** The research showed that GHRM practices enhance young talent in the company and improve employee performance. Retention of young talent was discovered to partly explain the connection between GHRM practices and employee performance. Green training and development, along with green performance appraisal, have a big effect on keeping employees and how well they perform.

**Practical/managerial implications:** This study offers key insights for hotel managers in crafting sustainable GHRM strategies, emphasising environment-based training, development, and performance evaluation to enhance talent retention and employee performance.

**Contribution/value-add:** This study offers key insights for hotel managers in crafting sustainable GHRM strategies, emphasising environment-based training, development, and performance evaluation to enhance talent retention and employee performance.

**Keywords:** employee performance; green human resource management; hospitality industry; young talent retention; Indonesia.

## Introduction

Economic development appears to be occurring rapidly in many regions of the world, and Indonesia is one such country experiencing massive development, especially in hospitality sector. The tourism sector is one of the main service sectors in Indonesia and is an industry that is able to show rapid economic growth. Tourism and hospitality are two distinct but related sectors. There is a mutually beneficial cycle of economic growth and development between the tourism sector and the hospitality industry. Tourism drives the demand for hospitality services such as lodging, food and entertainment, and the quality of hospitality services offered greatly influences a tourist's choice of destination. The hospitality sector is a rapidly growing sector and makes a significant contribution to the international economy (Asadi et al., 2020; Kusluvan et al., 2010). This sector not only provides extensive employment opportunities but also plays a crucial role in supporting tourism and local economic growth (Boella & Goss-Turner, 2019). However, despite its rapid growth, the hospitality industry faces major challenges in human resource management (HRM), particularly the high turnover rate among employees, especially young talent (Mohsin et al., 2013; Santhanam et al., 2017). Han (2022) revealed that there is 60%–120% employee turnover in the hospitality sector annually in the US. The hotel employee turnover rate in Indonesia is 11%–38% per year (Wowor et al., 2022). This phenomenon has a significant impact on service quality and customer satisfaction. High employee turnover in hotels leads to increased employee recruitment and training costs for hotels (Ozolina-Ozola, 2014; Rani & Samuel, 2016).

Job creation is one of the tourism industry's predicted economic consequences. According to the survey results, 339,224 workers were employed in the accommodation service industry in Indonesia in 2022 (BPS-Statistics Indonesia, 2023). However, there were challenges in retaining competent and high-potential young talent (Widjaja et al., 2018). The primary factors of young employee attrition in Indonesia's hospitality sector have been indicated to be issues such as job satisfaction, work stress and a lack of opportunity for career advancement (Nugraheni & Octafian, 2021).

Furthermore, Vanisri and Padhy (2024) stated that current research highlights the vital role of environmental knowledge in influencing the relationship between voluntary participation in environment-friendly behaviour and environment-conscious HRM practices, as well as the adoption of novel practices that support environmental sustainability. Green Human Resource Management not only focuses on operational efficiency but also on fostering environmental awareness and eco-friendly behaviour among employees (Jabbour & De Sousa Jabbour, 2016), improve corporate performance, employee commitment and job satisfaction (Octafian & Nugraheni, 2020; Pham et al., 2019a; Pinzone et al., 2016). Green Human Resource Management is an approach that integrates environmentally sustainable practices into human resource policies and strategies to promote ecological responsibility within organisations. It aligns HR functions with sustainability goals, ensuring that employees contribute to environmental management efforts while enhancing overall business performance. Green Human Resource Management is closely aligned with the values and preferences of young employees, particularly Millennials and Generation Z, who prioritise sustainability and environmental responsibility in the workplace. Young employees are more likely to be attracted to organisations that implement green HR practices, such as eco-friendly recruitment, green training and sustainable performance management, as these practices align with their personal values. Green Human Resource Management enhances job satisfaction and engagement by providing opportunities for career growth in sustainability, offering a sense of purpose and motivating employees through recognition and rewards for environmental contributions. Ultimately, green HRM helps organisations retain young talent by fostering a work environment that reflects their commitment to sustainability and supports their professional development.

According to Dimock (2019), Generation 'Z' refers to those born between 1997 and 2012; Generation X, refers to those born between 1965 and 1979, aged 39–51 years; Generation Y, also known as Millennials, refers to those born between 1980 and 1994, aged 24–38 years and Generation Z are individuals born between 1995 and 2015, aged 3–24 years. Millennials and Gen Z, the term used to address the next generation after Millennials (Hanifah, 2023), who currently dominate the young workforce, have different characteristics and work expectations compared to previous generations (e.g. Gen X and Baby Boomers) (Generational Differences in the Workplace [Infographic], n.d.). They tend to place greater

emphasis on sustainability values, work–life balance and self-development opportunities (Goh & Lee, 2018). Therefore, traditional approaches in HRM may no longer be effective in attracting and retaining young talent in the hospitality industry. In traditional human resources approach, the workers work when their managers will go over their work (Townley, 2019).

## Research purpose and objectives

Although research on green HRM has advanced, several gaps remain that need attention. Firstly, most studies focus on the impact of green HRM; company decision and development of the organisation (Guerci et al., 2016; Longoni et al., 2018); sustaining their social, economic and environmental systems in healthcare organisation's ability (Aggarwal et al., 2023); supply chain management (Zaid et al., 2018), while the understanding of its influence on young talent retention in the hospitality industry is still limited (Dyah Palupiningtyas & Sri Mulyani Wahono, 2023; Jayabalan et al., 2020; Yusoff et al., 2020). Secondly, previous research has predominantly been conducted in developed countries, highlighting the need for more empirical studies in developing countries such as Indonesia (Saputro & Nawangsari, 2021). Thirdly, there is very little research examining the mediating mechanism in the relationship between green HRM practices and employee performance. The role of talent retention as a mediating variable and the mediating processes in the relationship between green HRM practices and employee performance have not received much attention. This is especially true for the role of talent retention as a mediating variable (Dumont et al., 2017).

In order to close these gaps, this study investigates on how green HRM practices affect employee performance and the retention of young talent in Central Java, Indonesia's star-rated hotels. In particular, the research will examine at how green HRM practices affect young talent retention, how young talent retention affects young employee performance and how young talent retention becomes a mediator in the relationship between green HRM practices and young employee performance.

This research uses the Ability-Motivation-Opportunity (AMO) theory to discuss how green HRM practices impact young talent retention and employee performance (Appelbaum et al., 2013; Jiang et al., 2012). The AMO theory has gained wide adoption in the field of HRM as a means of possibly explaining the complex relationship between employee management practices and performance achievements. Ability-Motivation-Opportunity theory explains how green HRM might turn organisations green and trigger pro-environmental behaviour from employees, which further validates the model (Iftikar et al., 2022). Ability-Motivation-Opportunity fits the current research because of its focus on various elements of HRM activities contextualised as GHRM initiatives.

The findings of this study should have a major impact on how green HRM literature develops in relation to the hospitality sector in developing nations. The study aims to advance our knowledge of the mechanisms by which green HRM practices impact young talent's performance and retention. Additionally, it tests the applicability of the AMO theory to green HRM in the hospitality sector. In practical terms, the results can offer useful guidance to hotel managers in developing and executing green HRM strategies to improve the performance and retention of youthful talent, enhancing hotels' competitiveness in a dynamic and fiercely competitive market.

## Literature review

### Green human resource management

Green Human Resource Management is a method that mixes environmental sustainability ideas with HRM techniques (Chakraborty & Biswas, 2020). Green Human Resource Management is using HRM rules to help with environmental problems and manage resources sustainably. This can boost employee satisfaction and morale (Shemon et al., 2019). According to Kim et al. (2023), the goal of green HRM is to create, apply and uphold methods that help employees become 'green'. This idea covers a number of HR procedures that encourage resource sustainability and raise staff members' understanding of environmental issues (Pham et al., 2019b).

The main dimensions of green HRM include:

1. Green Recruitment and Selection: The process of recruiting candidates with environmental criteria in mind (Yong et al., 2023).
2. Green Training and Development: Training that improves staff members' skills related to eco-friendly practices (Kim et al., 2019).
3. Green Performance Appraisal: Evaluation systems that consider environmental aspects (Tang et al., 2018).
4. Green Compensation and Rewards: Incentive schemes that encourage environment-friendly behaviour (Yong et al., 2023).

Prior studies have demonstrated the beneficial effects of green HRM policies on environmental performance (Pinzone et al., 2016), employees' eco-friendly behaviour (Pham et al., 2018) and overall organisational performance (Pham et al., 2019b).

### Young talent retention

Talent retention is described as the implementation of policies and practices that encourage talents to be more attached to their company so that they stay longer (Mohamad Mazlan & Jambulingam, 2023). Meanwhile, according to Ott et al. (2018), talent retention is a strategic part of the company in order to prevent their talented employees from leaving the company. Talent retention and development are interconnected, leading to improved employee retention. It refers to the process of keeping skilled and talented employees within an organisation for an extended period (Imna & Hassan, 2015).

Talent is defined as the capacity or ability of various persons to carry out corporate growth strategies. Over time, a competitive advantage is created through talent retention (Collings & Mellahi, 2009). Young talent retention refers to an organisation's ability to retain skilled and high-potential young employees (Naim & Lenka, 2018). Retaining young talent is a major challenge because of the high turnover rates in the hospitality sector (Mohsin et al., 2013; Raza & Malik, 2020). Retention of young talent aims to maintain and develop employee competence and performance so that they are able to be placed in certain positions. Several factors can affect the retention of young talent including intention to stay and job satisfaction (Rani & Samuel, 2016), organisational commitment (Pandita & Ray, 2018) and GRHM (Naim & Lenka, 2018).

### Employee performance

Employee performance is characterised by outcomes that are accomplished in compliance with assigned duties and responsibilities (Mensah, 2015). In the context of green HRM, employee performance also includes contributions to the organisation's environmental goals. The pertinent aspects of worker performance consist of: (1) Task performance: Effectiveness in carrying out core tasks (Masa'deh et al., 2016); (2) Contextual performance: Behaviours that support the organisational environment (Obeidat et al., 2016) and (3) Counter productive work behaviour: Actions that are harmful to the organisation (Obeidat et al., 2016).

### The relationship between green human resource management, young talent retention and employee performance

Previous research has indicated a positive relationship between green HRM practices and employee performance (Kim et al., 2019; Pham et al., 2019a). However, the mechanisms explaining this relationship, especially within the context of the hospitality industry and young talent, still need further exploration. Several studies (Jayabalan et al., 2020; Yusoff et al., 2020) suggest that green HRM practices can enhance employee retention by creating a more attractive work environment for younger generations who are concerned about sustainability issues. Furthermore, higher retention of talent can contribute to improved employee and organisational performance (Pandita & Ray, 2018).

### Ability-motivation-opportunity theory

The AMO theory is closely linked to HRM as it explains how HR practices enhance employee performance by focusing on three key factors. Ability refers to ensuring employees have the necessary skills and competencies through effective recruitment, training and development. Motivation is influenced by HR practices such as performance-based incentives, rewards and career growth opportunities. Opportunity involves providing employees with the right environment, empowerment and participation in decision-making to utilise their abilities effectively. When HRM aligns with the AMO framework, it enhances employee

performance, improves talent retention and strengthens overall organisational success. The AMO framework is still highly helpful for modelling and comprehending the relationship between HRM and performance as well as defining the connections between employee behaviours and attitudes and AMO-enhancing HRM strategies (Bos-Nehles et al., 2023). Ability, motivation and opportunity are the three primary factors that impact employee performance according to the AMO theory. Within green HRM, strategies that include green recruitment and hiring, green training and development and green performance review and remuneration could enhance employee capacity, drive and improve organisational and environmental performance (Pham et al., 2019a).

## Research design

### Research approach

This study applies a quantitative methodology, utilising a survey method to collect data from youth workers at star-rated hotels in Central Java. In order to examine complicated associations between latent and manifest variables and to simultaneously assess mediation effects, data analysis will be done using structural equation modelling (SEM) with the use of PLS software (Hair et al., 2019).

This research aims to study the impact of green HRM practices on the performance of employees and the retention of young talent in star-rated hotels in Central Java, Indonesia. The study will focus on how green HRM practices affect the retention and performance of young employees. It will also look at how retaining young talent impacts the performance of young employees, and the role young talent retention plays in the connection between green HRM practices and young employee performance. This study adopts a quantitative approach with a cross-sectional survey design to gather data. The reason this method was selected is because it lets us gather data from a big group and helps us apply the findings to a wider population (Levin, 2006). A study is being conducted to see how certain HR practices affect keeping young employees and how they perform at work.

### Research participants

The target population consists of young employees (aged 18–35 years) working in three-star and above hotels in Central Java, Indonesia, with a minimum of 1 year of work experience. The number of hotels in Central Java according to this type is 199 hotels with more than 30 000 employees (BPS-Statistic Indonesia, 2024). Purposive sampling technique was used to select respondents who meet the research criteria (Etikan, 2016). The sample size was calculated using Slovin's formula with a 5% margin of error, resulting in a minimum sample size of 400 respondents. Questionnaires were distributed both online and offline to the young talent sample in star-rated hotels in Central Java.

## Measuring instrument

A structured questionnaire was developed based on existing literature and adapted to the context of the Indonesian hospitality industry measurement using a 5-level Likert scale. The instrument consists of four sections:

1. Demographic Information (five items): Age, gender, education level, job position and length of employment.
2. Green HRM Practices (20 items): Adapted from Ren et al. (2018) and Kim et al. (2019); green recruitment and selection, green training and development and green compensation; five items for each indicator.
3. Young Talent Retention (15 items): Adapted from Rani and Samuel (2016) and Pandita and Ray (2018); Intention to stay, Organisational commitment and Job satisfaction; five items for each indicator.
4. Employee Performance (18 items): Adapted from Masa'deh et al. (2016) and Obeidat et al. (2016): Task performance, Contextual performance, Counterproductive work behaviour (six items for each indicator, reverse coded).

After obtaining ethical approval, the researcher contacted the management of 30 star-rated hotels in Central Java to participate in the study. The respondents had 2 weeks to finish the survey. After a week, a follow-up message was sent to boost the response rate. The author used the Qualtrics survey platform in distributing the questionnaire online to selected respondents who met the criteria. Data were also collected offline through direct distribution to hotel employees through the HR department.

## Data analysis

Using SmartPLS 3.0 software, data were analysed using SEM with a partial least squares (PLS-SEM) technique. There were two phases to the analysis:

1. Measurement Model Evaluation:
  - 1.1. Indicator Reliability: Outer loadings  $> 0.7$
  - 1.2. Internal Consistency: Composite reliability  $> 0.7$
  - 1.3. Convergent Validity: Average variance extracted (AVE)  $> 0.5$
  - 1.4. Discriminant Validity: Assessed using the Fornell–Larcker criteria, cross-loadings and the heterotrait-monotrait ratio (HTMT)

Assessing the measurement model in PLS-SEM is a crucial preliminary step to ensure measurement quality before analysing relationships between variables. This involves evaluating indicator reliability through outer loading values ( $> 0.7$ ) and internal consistency using composite reliability ( $> 0.7$  but  $< 0.95$  to avoid redundancy). Convergent validity is assessed via  $AVE > 0.5$ , ensuring that constructs explain sufficient variance in their indicators. Discriminant validity is verified through the Fornell–Larcker criterion, cross-loading analysis and the HTMT ratio, confirming construct distinctiveness. A rigorous measurement model

evaluation strengthens the reliability of structural model analysis, preventing inaccuracies in interpreting variable relationships.

## 2. Structural Model Evaluation:

- 2.1 Coefficient of Determination ( $R^2$ ): 0.75 (substantial), 0.50 (moderate), 0.25 (weak)
- 2.2 Predictive Relevance ( $Q^2$ ): Values > 0 indicate predictive relevance
- 2.3 Effect Size ( $f^2$ ): 0.02 (small), 0.15 (medium), 0.35 (large)
- 2.4 Path Coefficients and Significance Level:  $p < 0.05$

The structural model evaluation in PLS-SEM is the second stage of analysis, focusing on assessing relationships between variables and the model's predictive power. Key parameters include:  $R^2$  (coefficient of determination): Measures how much variance in the dependent variable is explained by independent variables. Higher values indicate stronger explanatory power;  $Q^2$  (predictive relevance): Evaluated using the blindfolding procedure; values above zero indicate good predictive ability;  $f^2$  (effect size): Assesses the impact of each independent variable on  $R^2$ , categorised as small (0.02), moderate (0.15) or large (0.35); path coefficient significance: Tested via bootstrapping, with  $p$ -values below 0.05 indicating statistically significant relationships.

This evaluation ensures the model's reliability in explaining and predicting outcomes, serving as a foundation for hypothesis testing and theoretical development. The accuracy of the structural model depends on the prior validation of the measurement model, emphasising the need for a systematic evaluation process.

Mediation analysis will be conducted using the bootstrapping procedure with 500 subsamples to test indirect effects. Multi-group analysis (MGA) will be performed to examine potential differences in the relationships between variables based on demographic characteristics.

## Ethical considerations

Ethical clearance to conduct this study was obtained from the Sekolah Tinggi Ilmu Ekonomi Pariwisata Indonesia (STIEPARI) (308/UM/N.20.70/P3M/VII/2024).

## Results

### Demographic data

Table 1 presents data on the demographic characteristics of the respondents. Participants involved in this study were dominated by male employees with a total of 55.3% compared to female employees (44.8%). All participants were aged between 18 years and 35 years. In terms of educational qualifications, most respondents were university graduates at 51.0% followed by employees with a high school education background at 30.30%. Employees with housekeeper positions had the largest proportion at

20.8% followed by waiters (16.0%). Related to length of service, employees with a length of service of 0–1 year had the largest proportion (60.0%) with a length of service of 1–5 years at 29.8%.

## Research model

Figure 1 explains the research model that will be proposed in this study. A structural model (SEM-PLS) with three primary variables is used in this study:

1. Green HRM practice
2. Retention of young talent
3. Employee performance

## Model testing result

Figure 2 presents the results of model testing:

1. Employee Performance: ( $R^2 = 0.946$ ) (94.6% of the variation explained by the model)
2. Retention of Young Talent: ( $R^2 = 0.860$ ) (86% of the variation explained by the model)

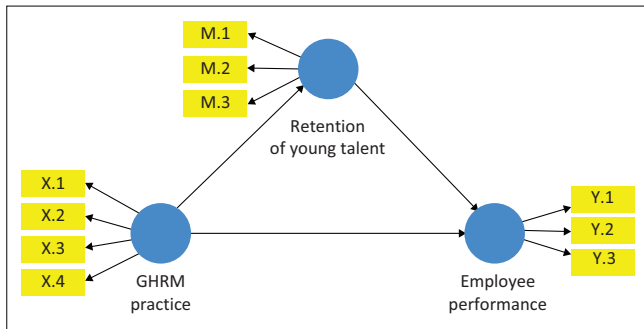
These ( $R^2$ ) values indicate that the model has strong predictive capability, particularly for the variable of young talent retention. Path coefficients:

1. Green HRM practice -> Employee performance: 0.331 ( $p$ -value = 0.000)
2. Green HRM practice -> Retention of young talent: 0.928 ( $p$ -value = 0.000)
3. Retention of young talent -> Employee performance: 0.657 ( $p$ -value = 0.000)

**TABLE 1:** Demographic characteristics.

Variable	Category	Frequency	%
Gender	Male	251	62.8
	Female	149	37.3
Age (years)	18–35	400	100.0
Education	High School	121	30.3
	Bachelor Degree	204	51.0
	Master Degree	75	18.8
Job position	Manager	32	8.0
	House keeper	83	20.8
	Waiter	64	16.0
	Receptionist	23	5.8
	Laundry	15	3.8
	Kitchen	45	11.3
	Bartender	12	3.0
	Sales Marketing	26	6.5
	Banquet Server	36	9.0
	Maintenance	23	5.8
	IT Specialist	7	1.8
Length of employment (years)	0–1	240	60.0
	1–5	119	29.8
	5–10	29	7.3
	> 10	12	3.0

IT, information technology.



GHRM, green human resource management.

**FIGURE 1:** Research model.

All paths have a significant effect ( $p$ -value < 0.05). Indirect effects:

1. Green HRM practice → Retention of young talent → Employee performance: 0.610 ( $p$ -value = 0.000)

This indicates the presence of significant mediation effects. Total effects:

1. Green HRM practice → Employee performance: 0.941 ( $p$ -value = 0.000)
2. Green HRM practice → Retention of young talent: 0.928 ( $p$ -value = 0.000)
3. Retention of young talent → Employee performance: 0.657 ( $p$ -value = 0.000)

## Validity and reliability

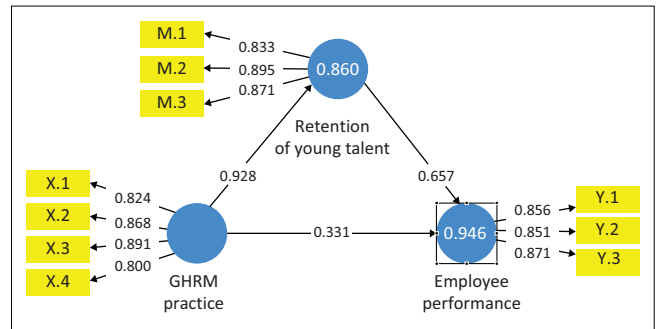
Three academics with expertise in HR management and two practitioners from the hotel sector constituted the expert panel that reviewed the instrument to evaluate its substance and validity. To evaluate the items' clarity and initial dependability, a pilot test comprising 50 respondents was carried out. Cronbach's alpha was used to assess internal consistency, with a threshold value of 0.7 (Hair et al., 2019).

1. Composite reliability:
  - 1.1 Employee performance: 0.894
  - 1.2 Green HRM practice: 0.910
  - 1.3 Retention of young talent: 0.901
 All values above 0.7, indicating good reliability.
2. Average variance extracted (AVE):
  - 2.1 Employee performance: 0.738
  - 2.2 Green HRM practice: 0.716
  - 2.3 Retention of young talent: 0.751
 All values above 0.5, indicating good convergent validity.
3. Discriminant validity:
 

Based on the Fornell–Larcker criteria, all constructs have good discriminant validity. Table 2 presents the result of the validity test

## Outer loadings

All indicators have loadings above 0.7, indicating that these indicators are valid in measuring their respective constructs. Table 3 shows the measurement.



GHRM, green human resource management.

**FIGURE 2:** Model testing result.

Human resource management practices positively affect employee performance, both directly and indirectly by retaining young talent. Practices related to managing human resources have a major effect on keeping young talented employees in a company. Keeping young talent in the company has a good impact on how well employees perform. However, this impact is not as big as the direct impact of GHRM practices. The research model is very good at predicting how well Young Talent will be retained. It can explain a lot of the variation in retention rates. The study shows that all aspects and signs are reliable and valid. This suggests that using green HRM practices can boost employee performance, both by directly improving it and by keeping young talent in the company. This shows how important green HRM practices are in today's HR management.

## Challenges of the study

There are some restrictions to this study that need to be discussed. When looking at hotels in Central Java with star ratings, be careful about applying the findings to different locations. Conclusions about cause and effect are restricted when using cross-sectional data. Additionally, the research only looks at the staff's viewpoints, so the hotel management's perspective is not fully explored. This study did not look at how company culture and leadership impact the connection between green HRM, employee retention and performance.

## Recommendations for future research

The study's findings and limitations suggest some recommendations for future research. Future research should conduct studies over a long period to look into how implementing green HRM affects how long employees stay with the company and how well they perform. Including different types of hotels in various regions helps make the research findings more widely applicable. Future researchers can investigate how organisational culture and leadership style impact the success of green HRM practices. Studying how green HRM affects different employee generations can help in creating more specific implementation plans. In the future, researchers could focus on creating better measurement tools for GHRM practices in the hospitality industry in Indonesia. This study shows how green HRM practices are important for

**TABLE 2:** Discriminant validity.

Variables	Employee performance	Green HRM practice	Retention of young talent
Employee performance	0.86	-	-
Green HRM practice	0.94	0.85	-
Retention of young talent	0.96	0.93	0.87

HRM, human resource management.

enhancing employee performance and keeping young talent in hotels. Hotel managers need to consider these findings when developing sustainable HRM strategies. Hotels that use green HRM principles can contribute to sustainable development goals and improve their ability to attract and keep talented employees. More research is needed to understand how green HRM works in different types of organisations.

## Conclusion

This study significantly contributes to the literature regarding the effectiveness of green HRM methods, especially when considering the hospitality sector in developing countries. The results strengthen our knowledge of the underlying mechanisms and the effects of green HRM on employee performance and the retention of young talent. The research reveals that green HRM practices have a positive and significant effect on the retention of young talent in star-rated hotels in Central Java. This finding is consistent with previous studies by Pham et al. (2019a, 2019b) but demonstrates a stronger effect. This supports the argument by Renwick et al. (2013) that 'Green HRM can help organisations achieve sustainable competitive advantage'. The unique characteristics of millennial and Gen Z respondents, who are highly concerned with sustainability issues, may drive this effect. As Fawehinmi et al. (2020) state, 'Younger generations tend to be more concerned about organisational sustainability practices'.

The study also indicates that green HRM practices have a positive and significant impact on employee performance, both directly and indirectly through the mediation of young talent retention. This finding reinforces the results of Yong et al. (2023) and Saeed et al. (2022) while providing a more comprehensive understanding by revealing the mediating role of young talent retention. Dumont et al. (2017) affirm that 'Green HRM can enhance organisational performance through increased employee motivation and engagement'.

The study found that young talent retention partially mediates the relationship between green HRM practices and employee performance. This result provides empirical support for the AMO theory in the context of green HRM, as proposed by Pham et al. (2018). Jiang et al. (2012) explain that 'AMO theory provides a useful framework for understanding how HR practices affect organisational performance'. Green Human Resource Management practices such as green training and environmental performance appraisals can enhance employees' abilities and motivation, while participatory policies in environmental initiatives offer employees the opportunity to contribute.

**TABLE 3:** Outer loadings.

Variables	Employee performance	Green HRM practice	Retention of young talent
M.1	-	-	0.83
M.2	-	-	0.89
M.3	-	-	0.87
X.1	-	0.82	-
X.2	-	0.87	-
X.3	-	0.89	-
X.4	-	0.80	-
Y.1	0.86	-	-
Y.2	0.85	-	-
Y.3	0.87	-	-

HRM, human resource management.

The findings indicate that the impact of green HRM on young talent retention is stronger compared to its impact on employee performance. This highlights the importance of emotional and psychological aspects in managing young talent, as discussed by Rani and Samuel (2016). The study also found variation in the effectiveness of different dimensions of green HRM practices. Green training and development, as well as green performance appraisals, have the most significant impact on retention and performance. These findings align with the study by Kim et al. (2019), which emphasises the importance of developing employees' green competencies. Jabbour and De Sousa Jabbour (2016) affirm that 'green training is a key element in developing employees' environmental awareness and improving the organisation's environmental performance'.

Additionally, the study shows that the impact of green HRM on employee performance is not limited to environmental performance but also encompasses general task and contextual performance. This finding extends the results of previous studies such as those by Pinzone et al., (2016). Shen et al. (2019) observed that 'Green HRM can enhance overall organisational performance through increased efficiency and innovation'.

The study concludes presenting evidence of green HRM's effectiveness in developing nations, especially Indonesia. This finding validates the argument by Saputro and Nawangsari (2021) that green HRM practices can be adapted and positively impact beyond advanced economies. As noted by Ren et al. (2018), 'Implementing GREEN HRM in developing countries requires adjustments to local cultural and institutional contexts'.

Implications for Hotel Managers in Central Java: This research has important practical implications for managers of star-rated hotels in the region. Hotel managers should incorporate green HRM practices, such as sustainable recruitment, training, performance evaluations and environment-friendly compensation. Retaining young talent should be a primary focus in the hotel's HRM strategy, by designing career development and training programmes based on green competencies to retain high-potential employees. Additionally, in order to promote eco-friendly behaviour, hotels must incorporate sustainability-related

performance indicators into their staff evaluation and incentive programmes. Involving young staff members in the hotel's sustainability projects helps strengthen their loyalty and sense of community. Young talent that is acutely aware of sustainability issues can also be drawn in by enhancing the hotel's image as an eco-friendly business.

## Acknowledgements

### Competing interests

The authors reported that they received funding from the Ministry of Research, Technology, and Higher Education (Kemenristek Dikti) for funding the 2024 Regular Fundamental Research Grant from the Directorate General of Strengthening for Research and Development (DRPM) Indonesia. Grant No: 0667/E5/AL.04/2024, which may be affected by the research reported in the enclosed publication. The author has disclosed those interests fully and has implemented an approved plan for managing any potential conflicts arising from their involvement. The terms of these funding arrangements have been reviewed and approved by the affiliated university in accordance with its policy on objectivity in research.

### Authors' contributions

D.P. and R.O. performed the measurements. D.P., N.M. and K.N.D.A. were involved in planning and supervised the work. K.N.D.A. and M.A.P. processed the experimental data, performed the analysis, drafted the manuscript and designed the figures. M.A.P. and N.M. performed the statistic calculations. All authors discussed the results and commented on the article.

### Funding information

This work was supported by the Ministry of Research, Technology, and Higher Education (Kemenristek Dikti) for funding the 2024 Regular Fundamental Research Grant from the Directorate General of Strengthening for Research and Development (DRPM) Indonesia. Grant No: 0667/E5/AL.04/2024.

### Data availability

The data that support the findings of this study are available from the corresponding author, D.P., upon reasonable request.

### Disclaimer

The views and opinions expressed in this article are those of the authors and do not necessarily reflect the official policy or position of any affiliated agency of the authors.

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