

Sustainable HR Practices and Employee Retention: The Impact of Social Capital in Pakistan's Banking Sector

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Study experts constitute the active concerns pertaining to human resource management draw as well as conserving talent are rooted in developing and growing the involvement of employees and sustainably leading and organizing the teams within the organization. The motive regarding this research document is to analyze the consequences of managing human resources sustainability upon the loyalty of employees and retaining them in the organization as well as how they share values within the group setting that is social capital. The insights were gathered from the online survey of banking employees in Pakistan. Data was processed by using the PLS-SEM technique. Our findings highlight that social sustainability initiatives significantly enhance the perceived social capital among employees. Importantly, this enhanced social capital subsequently leads to increased levels of employee loyalty and greater retention rates. These results underscore the importance of fostering a socially sustainable workplace environment, not only for its direct benefits but also for its indirect influence through bolstering social connections among employees. This research contributes to the understanding of how organizational efforts toward social sustainability can effectively strengthen employee retention and loyalty, offering practical insights for managers and policymakers seeking to enhance organizational outcomes through sustainable practices. This methodology not only benefits workforce morale besides retention but also makes a contribution positively to the organization's operations and societal impact. In essence, effective management of social sustainability actions can lead to a win-win situation where both organizational outcomes and societal benefits are maximized. This strategy not only benefits worker's morale as well as retention but also makes a contribution positively to the organization's functions and societal impact.

1. Introduction

The difficulties of creating long-term plans and raising employee involvement in modern human resource management (HRM) have grown more crucial. The pursuit of sustainable growth and competitive advantage by organizations has made the management of social sustainability initiatives and their effects on staff loyalty and retention crucial areas of focus. While the economic and environmental aspects of sustainability have progressed, little is known about the social aspect of sustainability, especially as it relates to human resources (HR). (Suprayitno & Supardi 2024). By investigating how Human Resources with Social Sustainability (HRMS) policies affect workforce loyalty and retention through the intermediary role within social capital, this study seeks to close this knowledge gap.(Gomes et al., 2024).

In modern human resource management (HRM), the issues of developing and implementing long-term plans while encouraging increased employee engagement have become increasingly crucial. Organizations now focus more on managing social sustainability projects as a means of achieving competitive advantage and sustainable growth. This entails being aware of how they affect important factors like employee retention and loyalty. (Kresnawidiansyah Agustian et al., 2023). Although much progress has been achieved in tackling the economic and environmental aspects of sustainability, the social dimension especially in relation to HR practices has received less attention. In order to effectively attract and retain talent, HRM strategies must incorporate sustainability, according to recent publications from consulting firms (PwC & WEF, 2021; KPMG, 2021).

Beyond the economic and environmental spheres, sustainability also includes social factors that affect employee relationships, attitudes, and behaviors in the workplace (Se-Yeon and Dong-Jun Park 2015). The connection between social sustainability practices, social capital, and employee outcomes like loyalty and retention is widely acknowledged to be important, but it has not received enough attention in the literature. Social elements that impact employee relationships, attitudes, and behaviors in the workplace are also included in the concept of sustainability, in addition to economic and environmental considerations. (Garima Malik & Pratibha Singh 2024).

Though it has not gotten enough attention in the literature, the connection between social sustainability practices, social capital, and workforce outcomes like loyalty and retention is widely accepted to be significant. The incorporation of social sustainability initiatives into HRM practices is still poorly understood, despite the fact that organizations are adopting sustainability management systems at an increasing rate. This knowledge gap makes it more difficult for HR managers to use social capital as a tool to improve employee retention and loyalty (Joanna Purgał-Popiela, 2024).

Thus, research into the ways in which SHRM practices can foster long-term relationships with employees and impact their organizational commitment is vital. Although organizations are increasingly implementing sustainability management systems, there is still a lack of

understanding of how to include social sustainability efforts in HRM processes (Gaitree Ramgolam et al., 2024).

For HR managers looking to use social capital as a strategic tool to improve employee loyalty and retention, this knowledge gap presents serious obstacles. Thus, there is a pressing need for a study that explores the ways in which SHRM practices may positively impact workers' overall organizational commitment and successfully foster long-lasting connections with them. (Barbara Sypniewska et al., 2023). By filling this knowledge vacuum, our research attempts to support HR professionals who are working to match organizational objectives with sustainable practices by offering practical advice in addition to a better theoretical understanding. This research can empower employers by clarifying the ways in which SHRM activities support long-term employee engagement and commitment.

The social dimension of sustainability in HRM situations has gotten less attention from writers that currently exist, along with most of the focus being on the economic and environmental aspects of sustainability (Janaina Macke & Denise Genari 2001 to 2018). There is a dearth of research on the intermediary role of social capital in the connection between SHRM practices and employee outcomes, which calls for more empirical study. Furthermore, although social capital's significance for organizational performance is acknowledged, little is known about how specifically it affects staff retention and loyalty in the context of SHRM. (Weam Tunsi 20203). Assess the benefits of SHRM practices for employee retention, loyalty, and social capital. Examine how communal capital affects workforce retention and loyalty directly. Analyze how social capital influences the connection between employee loyalty and retention and SHRM practices. (Karen Albertsen et al., 2024).

Research enquiries; what is the impact of SHRM practices on employees' social capital development? What effect does social capital have on the retention and loyalty of employees? How much does social capital play a moderating role in the connection between employee loyalty, retention, and SHRM practices? Recognizing the ways in which social sustainability initiatives and SHRM practices can improve employee outcomes. Through an achievement in tackling the economic and environmental aspects of sustainability, the social dimension especially in relation to HR practices has received less attention. Examination of the intermediary function of communal capital, this research offers significant perspectives for HR managers who aim to maximize employee engagement and retention tactics (Yushi Jiang et al., 2024).

The study emphasizes how incorporating social sustainability objectives within SHRM practices may have a profoundly positive impact on employee outcomes. Through an examination of the intermediary function of communal capital, this research not only illuminates crucial channels via which these endeavors influence organizational dynamics but also provides HR managers with nuanced viewpoints to enhance employee engagement and retention tactics. These findings have practical significance for companies that want to maintain a competitive edge over time by integrating HRM strategies that firmly support social sustainability goals (Kramar, 2013).

This study highlights the strategic need for businesses to create inclusive and socially conscious work environments, stressing how these settings not only help workers feel deeply committed to the company but also boost productivity. Furthermore, the results have practical ramifications for businesses hoping to gain a long-term competitive edge by using HRM strategies that support social sustainability objectives (Robin Kramar 2013).

Despite significant advances in economic and environmental sustainability, research in social sustainability—particularly in the HRM domain—remains limited. Social sustainability encompasses the relationships, attitudes, and behaviors shaped by organizational practices, yet its connection to SHRM practices and employee outcomes is still poorly understood (Macke & Genari, 2018).

HR strategies that integrate social sustainability are essential to not only attract and retain talent but also to foster an inclusive, engaged workforce (PwC & WEF, 2021). Consulting firms like KPMG have underscored the significance of sustainability in employee retention and engagement, emphasizing a gap in translating these objectives into actionable HR strategies (KPMG, 2021). The lack of empirical studies on how social capital functions as an intermediary between SHRM and retention outcomes further highlights a research gap. Therefore, this study addresses this deficiency, offering insights into how HR managers can leverage social capital to enhance loyalty and retention (Jiang et al., 2024).

Although social capital is recognized as valuable for improving organizational performance, little empirical research explores its specific impact on retention and loyalty within SHRM contexts (Tunsi, 2023). HRM's role in building social sustainability remains largely under-theorized, with minimal studies examining the integration of social capital into strategic HR practices for sustainable employee outcomes (Purgal-Popiela, 2024). Given the rapid adoption of sustainability frameworks by companies worldwide, understanding how SHRM practices influence social capital is imperative (Gomes et al., 2023). Yet, the specific mechanisms through which social capital interacts with SHRM to influence retention remain unclear (Kramar, 2013). This study thus aims to fill this gap by elucidating how SHRM practices affect social capital and how, in turn, social capital mediates loyalty and retention outcomes (Ali et al., 2022).

This research aims to provide HR managers with actionable insights into incorporating social capital-building practices into SHRM. Specifically, it examines (1) the influence of SHRM practices on social capital, (2) the effect of social capital on retention and loyalty, and (3) the mediating role of social capital in linking SHRM practices with employee retention and loyalty outcomes. By addressing this knowledge gap, this study supports HR professionals in aligning organizational objectives with social sustainability practices, thereby enabling more effective employee engagement and retention strategies (Sypniewska et al., 2023). It also highlights the strategic necessity for organizations to foster inclusive, socially responsible workplaces, which in turn enhances loyalty and performance (Ramgolam et al., 2024). Furthermore, the findings of this

study have significant practical implications for firms aiming to sustain competitive advantage through SHRM strategies that emphasize social sustainability (Jiang et al., 2024).

2. Literature Review

2.1 SHRM and Social Capital

Recent studies underscore the critical role of Strategic Human Resource Management (SHRM) in leveraging social capital to drive organizational success, highlighting the mutually reinforcing relationship between SHRM practices and social networks within firms. For instance, high-performance work systems (HPWS) are shown to enhance intra-organizational social capital, fostering cooperation and knowledge-sharing across departments, which ultimately contributes to increased service performance in public sector organizations (Ali et al., 2022). Additionally, social capital is enhanced through SHRM's collaborative HR practices that cultivate trust and interconnectedness among employees, as observed in high-tech firms in China, where a collaborative climate strengthens intra-organizational social ties and enhances individual performance (Su et al., 2023). The positive link between SHRM and organizational performance is further supported by findings showing that human capital mediates this relationship, as SHRM-driven investments in employee development elevate skill levels and facilitate knowledge sharing, crucial for maintaining competitive advantage (Uysal, 2020). During crises, like the COVID-19 pandemic, robust social capital fostered through SHRM practices also proved essential, enhancing employee resilience and collective response capabilities, thereby mitigating the negative impact of isolation and stress (Pitas & Ehmer, 2020). Together, these studies confirm that SHRM does not merely optimize human capital but also strategically builds and leverages social networks to amplify both employee well-being and organizational performance.

H1: Social capital as viewed by workers is immediately and favorably impacted by SHRM.

2.2 SHRM and Loyalty

Research on the relationship between Strategic Human Resource Management (SHRM) and employee loyalty highlights the pivotal role SHRM plays in fostering commitment and loyalty, essential for organizational stability and performance. SHRM initiatives, such as tailored HR practices, communication strategies, and supportive work environments, directly contribute to enhancing employee loyalty by aligning organizational goals with employee needs and expectations.

Recent studies underscore that well-implemented SHRM practices can build a stronger psychological contract with employees, positively impacting their commitment to the organization. For instance, a 2020 study found that SHRM practices focusing on employee growth, fair compensation, and a positive work environment significantly increased loyalty among hospitality sector employees by boosting motivation and reducing turnover (Khuong et al., 2020). Another study examining employee loyalty within educational institutions in Ghana identified that SHRM practices aligning employee roles with organizational goals strengthened both affective

and normative commitment, suggesting that strategic fits and role-position alignment are vital in cultivating loyalty (Kumah, 2022).

Additionally, SHRM's impact on employee loyalty is bolstered by perceived organizational support (POS). Research shows that when employees sense strong support from HR systems, they experience higher trust levels, which fosters loyalty. A 2020 study noted that organizations in the Libyan oil and gas sector effectively increased employee loyalty by implementing SHRM practices that emphasized POS, suggesting that employee support mechanisms mediate the SHRM-loyalty relationship (Adresi & Darun, 2020).

Studies also find that the role of internal communication is integral to SHRM's influence on loyalty. Effective communication about HR policies and clear expectations help employees develop a deeper connection with the organization. For example, research in the educational sector in Indonesia revealed that frequent, transparent communication within SHRM policies positively impacts employee loyalty, with motivation acting as a mediating factor (Nadeak & Naibaho, 2020).

H2: Employee loyalty is immediately and favorably impacted by SHRM.

2.3 HRMS and Employee Retention

Human Resource Management (HRM) systems are integral to fostering employee retention by implementing strategic practices that align with both employee needs and organizational goals. Recent studies emphasize that effective HRM practices can significantly impact retention by focusing on factors such as rewards, training, and supervisor support. Rewards and recognition are particularly powerful motivators; they affirm employees' contributions and enhance loyalty to the organization. A 2022 study demonstrated that fair remuneration and well-structured reward systems were especially impactful on employee decisions to stay during crises like the COVID-19 pandemic, where stability and acknowledgment became crucial incentives for retention (Caredo et al., 2022).

Beyond monetary incentives, training and development opportunities also strengthen retention, as they foster employees' long-term commitment by enhancing skills and career growth within the organization. Research from 2021 indicated that HRM practices focusing on skill development are particularly effective in high-specialization industries, such as the Indian tourism sector, where employees are likely to stay longer if they see clear pathways for career advancement (Jha, 2021). Additionally, perceived supervisor support (PSS) plays a moderating role in the relationship between HRM practices and employee retention. When employees feel supported by their supervisors, their job satisfaction and organizational commitment improve, thus reducing turnover intentions. Findings from recent research underscore the effectiveness of HR strategies that incorporate supportive supervision, particularly in industries prone to high turnover (Malik et al., 2020).



Furthermore, comprehensive retention strategies that integrate a range of practices, including fair compensation, clear promotion pathways, and a supportive work environment, have shown notable success in reducing turnover. For example, research on the banking and financial sector in Nepal indicates that organizations that combine these elements into a cohesive HRM approach retain talented employees more effectively by fostering both performance and loyalty (Shrestha et al., 2023). Collectively, these studies demonstrate that HRM systems that meet employees' intrinsic and extrinsic needs, combined with strategic organizational support and recognition, are essential to retaining skilled employees and ensuring long-term organizational success.

H3: Employee retention is directly and favorably impacted by SHRM.

2.4 Social Capital and Employee Loyalty

The relationship between social capital and employee loyalty is well-supported by research, underscoring the value of social networks, trust, and shared values in fostering employee commitment to an organization. Social capital, defined by trust, shared norms, and strong relationships among employees, enhances loyalty by creating a supportive work environment that meets employees' social and professional needs. For example, social capital within organizations positively impacts frontline employees' competitive intelligence, enhancing their engagement and information-sharing behaviors. This not only contributes to their sense of belonging but also positively influences customer outcomes, reinforcing loyalty to the organization through a cycle of mutual benefit and support (Kalra et al., 2020).

The influence of social capital on loyalty is further highlighted through the competencies and behaviors of leaders within an organization. Competent leaders promote knowledge sharing and open communication, strengthening both job performance and loyalty among employees. Such leaders, by fostering trust and encouraging collaborative practices, contribute to a culture where employees feel valued, connected, and therefore more likely to remain committed to the organization (Swanson et al., 2020). Furthermore, high levels of social capital—evident in organizations where employees trust and support one another—mitigate turnover intention, particularly when employees participate in social networks that reinforce their sense of community and shared purpose. This effect was particularly notable in studies of government employees, where social capital significantly reduced turnover by enhancing intrinsic motivation and commitment (Kroll & Tantardini, 2019).

The structure of social capital also plays a role in shaping loyalty by influencing both cognitive and relational dimensions within the workplace. For instance, relational social capital, which builds on trust and strong interpersonal connections, directly impacts loyalty by establishing a foundation of support and accountability among employees. This relational aspect of social capital not only aligns employees with the organization's values but also reinforces their attachment to it, ultimately contributing to a culture of sustained loyalty (Chen et al., 2017). The alignment of social capital with internal marketing, particularly when driven by transformational

leadership, further enhances loyalty by emphasizing employee-centric practices that satisfy employee needs, foster trust, and create an inclusive environment where employees are motivated to stay (Akbari et al., 2017).

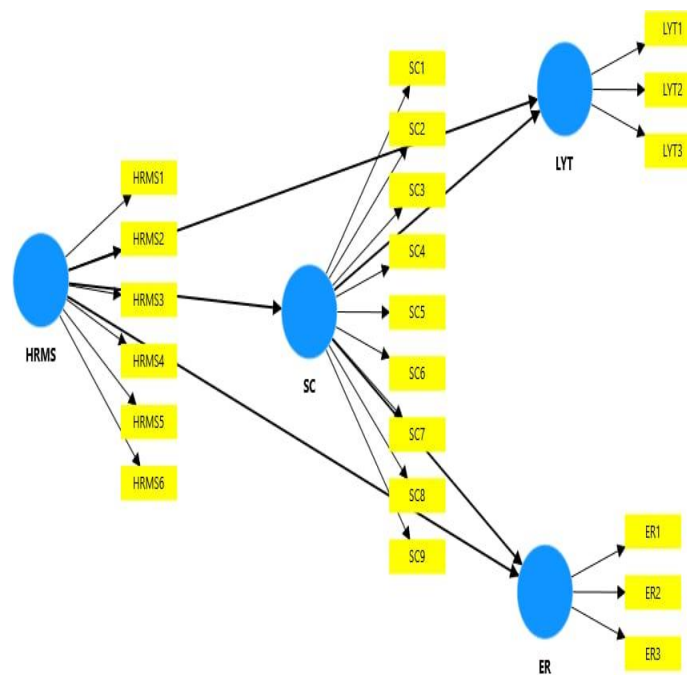
H4: Employee loyalty is immediately and favorably impacted by social capital.

2.5 Social Capital and Employee Retention

Studies from recent years have consistently highlighted the positive impact of social capital on employee retention. Social capital, encompassing workplace networks and relational bonds, fosters a supportive environment that enhances job satisfaction and commitment. Bhatti et al. (2020) found that social capital encourages knowledge sharing among colleagues, a dynamic that boosts employee creativity and strengthens their connection to the organization, making them more likely to stay (Bhatti et al., 2020). Furthermore, Cai et al. (2020) demonstrated that social capital increases emotional energy among employees, thereby enhancing their willingness to share tacit knowledge, which contributes to their sense of belonging and loyalty to the company (Cai et al., 2020). Additionally, a study by Jutengren et al. (2020) showed that workplace social capital positively affects job satisfaction and engagement, both critical factors for retention, especially in high-stress sectors like healthcare (Jutengren et al., 2020). Together, these findings underline that when organizations invest in building social capital through supportive work relationships, it not only enhances job satisfaction but also directly influences employees' intent to remain with the organization.

H5: Employee retention is directly and favorably impacted by social capital.

Figure No 1: Conceptual Framework



3. Methodology

Integration concerning human capital metrics as well as sustainability within strategic and operational frameworks of Pakistan's banking sector is the main subject of the study. This points to a pragmatic research paradigm in which tackling real-world issues that organizations encounter takes precedence over pure theoretical investigation. Contextual specificity By concentrating on Pakistan's banking sector, particular contextual relevance is added, and particular possibilities and constraints within this industry are addressed. Integration of human capital and sustainability very few studies, particularly when utilizing sophisticated statistical techniques like PLS-SEM, thoroughly integrate human capital and sustainability metrics in the context of the banking industry. The quantitative method is although a lot of research concentrates on qualitative elements, your quantitative method offers statistical support and forecasts on how these metrics affect organizational results.

Causal Research Design: Your study employs a causal research design. This design is suitable for investigating cause-and-effect relationships between variables, which is essential in understanding how integrating sustainability and human capital measures (independent variables) impacts operational and strategic outcomes (dependent variables) in the banking sector. **Exploratory Nature:** Given the emphasis on using PLS-SEM for predictive modeling and exploring complex linkages, your research design is exploratory. Exploratory research aims to discover new insights and hypotheses rather than confirm existing theories, which fits well with your approach to predicting relationships and effects within the banking sector.

3.1 Questionnaire

An online questionnaire will be your main research tool. This approach makes it possible to gather data effectively from a variety of banking staff members, both Islamic and Conventional, over a large geographic region (Pakistan). Likert scales (0–10) are used in the replies to give participants an organized approach to express their opinions about sustainability and measurements of human capital. **Adapted Items:** The validity and reliability of your questionnaire are enhanced by the fact that you have included items from earlier research projects. This methodology also permits uniformity in assessment among various investigations and streamlines the process of contrasting outcomes. **SmartPLS Version 4:** Selecting this program suggests that partial least squares modeling using structural equations (PLS-SEM) is the main emphasis. PLS-SEM is a good choice for your study since it can examine structural models (such as causal linkages and hypothesis testing) and measurement models (validity and reliability of constructs) with ease.

An essential presumption for many statistical studies is that the data follows a normal distribution, and the normality test is vital in ascertaining if this is the case. In this case, the data distribution's symmetry and peakedness will be shown by the values of kurtosis and skewness, respectively. The asymmetry of the value distribution is measured by skewness. The skewness of a completely normal distribution is 0. However, few departures from zero are typical and acceptable in real-world situations. Positive skewness indicates a distribution with a long right tail,

while negative skewness indicates a distribution with a long left tail. Skewness scores between -1 and +1 are often regarded as appropriate for proving normalcy. All skewness scores in our dataset should be anticipated to be within the allowed range, suggesting a fairly symmetrical distribution of values. Kurtosis calculates the distribution's tailiness.

The kurtosis of a distribution that is typical is 3. Surplus kurtosis, or kurtosis minus 3, represents the extent of departure from the peakedness of the normal distribution. A distribution with heavier tails and a sharper peak is said to be leptokurtic, whereas a distribution with lighter tails and a flatter peak is said to be platykurtic. Positive excess kurtosis shows both of these characteristics. Kurtosis levels between -3 and +3 are often regarded as appropriate for normalcy. All of the kurtosis values in our dataset are predicted to fall within this range, indicating that the distributions of values in terms of their peakedness and tails don't deviate greatly from the typical distribution. We may deduce that the information does not a much based on a normal distribution for the reason that all of the skewness and kurtosis standards for the variables in the dataset fall within the permitted limits (skewness between -1 and +1 and kurtosis between -3 and +3). The validity of later statistical studies supposing normalcy, including regression analysis, ANOVA, and several types of SEM (Structural Equation Modelling), depends on this adherence to normalcy.

In formal terms, the dataset will show appropriate skewness and kurtosis values according to the results of the normalcy test. This means that a crucial premise for a lot of parametric statistical tests is satisfied since the variable distributions are sufficiently near to normal. The robustness of the analyses to be conducted on this dataset is supported by this result, guaranteeing the validity and reliability of the inferential statistics generated from the data. These results suggest that the dataset is suitable for additional statistical modeling and hypothesis testing in practice. With the assurance that the normalcy assumption a fundamental component of the parametric statistical method has been satisfied, analysts can go forward. This not only makes the data seem more credible, but it also makes it easier to understand the statistical conclusions. No values have been deleted.

An online questionnaire was distributed to employees of the banking sector working in conventional banking as well as Islamic banking in Pakistan the survey yielded 98 valid responses, collected between May and June 2024. There were 250 questionnaires were circulated among banking employees in Pakistan. Table 1 presents descriptive statistics from the initial section of the survey. The second section emphasized gauging observations related to specified variables using adapted items from previous studies. All items employed Likert scales ranging from 0 to 10 (type A reflective), where 0 denoted "totally disagree" and 10 denoted "totally agree."

Version 4 of Smart PLS was utilized for data processing and PLS-SEM analysis, or partial least squares structural equation modeling, was used in the research among Pakistani banking employees. PLS-SEM is used because it is useful for examining intricate interactions between variables, particularly in exploratory research where route model prediction is essential for predicting dependent variables (Hair, Risher, et al., 2019). As described by (Chin 1998), the data analysis started with assessing the measurement model's validity and reliability. This stage

guaranteed that the theoretical ideas put out in your research were accurately measured by the constructs and their indicators. Reliability analyses guaranteed the consistency and precision of these measurements, while validity tests verified that the measurement model successfully captured the targeted variables. The structural model was assessed once the measurement model was validated. During this phase, hypotheses were tested, direct and indirect impacts between variables were investigated, and the implications of integrative sustainability and human capital metrics on operational and strategic management within Pakistan's banking industry were examined.

Along with offering insights into the correlations between variables, this technique also facilitated predictive modeling a necessary tool for comprehending the intricate dynamics that exist inside the banking sector. Your research's use of PLS-SEM enabled a thorough examination of the structural and measurement components, allowing for a thorough investigation of the influences and interrelationships between the variables under study. This methodological decision shows a strong commitment to developing new knowledge and making a positive impact on the subject of organizational behavior and management in contexts related to the banking industry.

4. Results

4.1 Measurement Model

The gauge validity and dependability of the model in Structural Equation Modelling with Partial Least Squares (PLS-SEM), adhering to standards set by top experts in the area. Values of Cronbach's Alpha (CA) more than 0.7, according to (Hair, Risher, et al. 2019), suggest good internal consistency across the items within each construct, which is essential for guaranteeing that the items accurately measure the latent variables for which they are designed. Similarly, the constructs' reliability is confirmed by values of composite reliability (CR) greater than 0.6 or 0.7, as suggested by Bagozzi & Yi (1988) and Dibbern & Chin (2010), respectively. This indicates that the items assess the underlying ideas consistently.

The rho_A statistic adds more evidence to the validity of your measurement model; values above 0.6 are considered satisfactory (Henseler et al. 2015). Robust measurement of theoretical constructs is ensured by convergent validity, which is measured by Average variation Extracted (AVE) values over 0.5, as proposed by Chin (2010). This shows that the constructs explain more variation across their respective items than measurement error does. (Gold et al. 2001) advise HTMT ratio values below 0.90 for discriminant validity in order to guarantee that constructs are different from one another. Your study's Tables 3 and 4 provide evidence that every indicator satisfies these exacting standards. In particular, reliability and validity remain unaffected, confirming that the measurement model accurately represents and quantifies the correlations between the variables in your PLS-SEM research.

4.2 Structural Model

In order to guarantee the validity, reliability, and strength of the proposed linkages, the evaluation of the structural model will include analyzing the model of measurement and the



structural routes. Initially, composite reliability (CR), average variance extracted (AVE), and factor loadings will be assessed in order to determine convergent validity. All item loadings are predicted to be more than 0.70, meaning that the indicators will accurately reflect the corresponding structures. It is expected that the mean deviation explained (AVE) for every construction will be more than 0.50, indicating that the constructs account for over half of the variation in their indicators. It is anticipated that composite reliability values will show internal consistency by being greater than 0.70. Second, cross-loads and the criteria of Fornell-Larcker will be employed in evaluating discriminant validity. For any construct, it is expected the square root of the AVE will be higher than the correlations between any two constructs.

Moreover, indicators will reinforce discriminant validity by loading higher on their particular constructs than on other components. Path coefficients will be analyzed for significance and magnitude in the structural model evaluation. If a path's the p-value is below 0.05 or it's the t-statistic exceeds 1.96. At a 95% confidence level, it will be deemed significant. Strong hypothesized links are supposed to be shown by the paths from HRMS to SC, SC to LYT, and SC to ER, all of which should have significant positive impacts. Endogenous latent variables will have their coefficient of determination evaluated. It is expected that SC would have a high R2 value, meaning that a sizable amount of its variance may be explained by HRMS. Likewise, it is anticipated that LYT and ER would exhibit moderate to considerable R2 values, signifying that a noteworthy proportion of their variances is explained by SC. To determine how each exogenous construct affects the endogenous constructs, effect sizes (f^2) will be assessed. Based on the f^2 values, small, medium, and large impacts will be determined.

The Stone-Geisser Q^2 test will be used to evaluate predictive relevance (Q^2). It is anticipated that Q^2 values for SC, LYT, and ER will be larger than 0, showing the predictive relevance of the model. Lastly, using indices like the Root Mean Square Residual Standardized (SRMR) the goodness-of-fit (GoF) and the Normed Fit Index (NFI) of the model will be assessed. It is expected that a satisfactory match would be shown by SRMR values less than 0.08 and NFI values near 1. Strong hypothesized correlations, authenticity, and dependability are expected to remain demonstrated through the structural framework, which will offer important insights into how HRMS affects employee retention, loyalty, and service climate. The results will offer useful recommendations for strengthening HRM systems and boosting organizational performance.

Table No 1: Respondents' Profile

Demographic	Category	Frequency	Percentage
Age	18 – 27	102	56.66%
	28 – 37	52	28.88%
	38 – 47	20	11.11%
	48 - 57	6	3.33%
Gender	Male	107	59.44%
	Female	73	40.55%
Designation	Officer	7	3.88%
	SM	6	3.33%
	OG3	45	25.00%
	RM	35	19.44%
	Sales		15.55%
	Officer	28	20.99%
	Cashier	46	17.77%
	BDO	32	7.77%
	MTO	14	7.22%
		13	

Table No 2: Construct Reliability and Validity

Constructs	Cronbach's Alpha	Reliability Coefficient (Rho A)	Construct Reliability (CR)	Construct Validity (AVE)
ER	0.895	0.899	0.934	0.826
HRMS	0.923	0.925	0.924	0.722
LYT	0.915	0.915	0.946	0.855
SC	0.961	0.961	0.966	0.762

Table No 3: Discriminant Validity

Variables	ER	HRMS	LYT	SC
ER				
HRMS	0.672			
LYT	0.873	0.838		
SC	0.814	0.9	0.084	

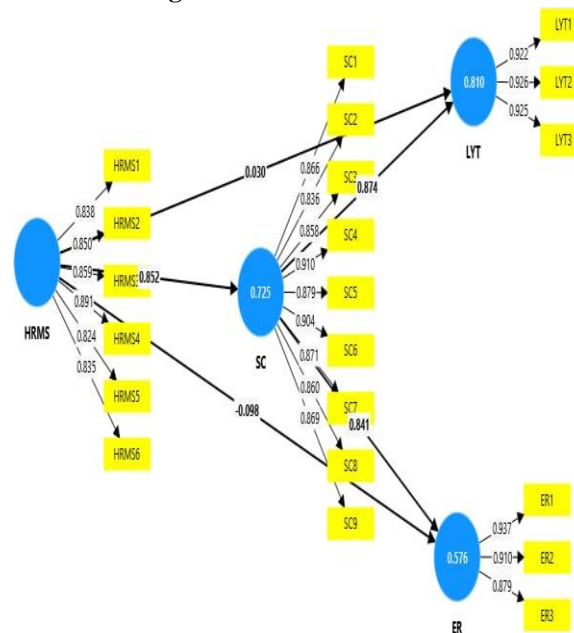
Table No 4: Path Coefficient

Hypothesis	Path	Beta Value	T statistics	P values
H1	HRMS -> ER	0.618	8.646	0.000
H2	HRMS -> LYT	0.775	12.579	0.000
H3	HRMS -> SC	0.852	20.386	0.000
H4	SC -> ER	0.841	5.253	0.000
H5	SC -> LYT	0.874	7.401	0.000

There is evidence to support hypothesis H1, which states that Employee Retention (ER) is positively impacted by Human Resource Management Systems (HRMS). A substantial positive association is indicated by the route coefficient (0.618). The result is statistically significant as the p-value (0) is lower than 0.05 and the T-statistic (8.646) is significantly higher than the typical cutoff of 1.96. According to Hypothesis H2, HRMS has a favorable impact on Leadership Training (LYT). With a T-statistic of 12.579 and a p-value of 0, the path coefficient (0.775) demonstrates a significant positive effect and high statistical significance. According to Hypothesis H3, Staff Competency (SC) is positively impacted by HRMS.

This association has a path coefficient of 0.852, which is quite strong. With a p-value of 0 and a T-statistic of 20.386, the outcome is extremely significant. Staff competency (SC) has a favorable effect on employee retention (ER), according to hypothesis H4. A substantial correlation is indicated by the route coefficient (0.841). The statistical significance is confirmed by the T-statistic of 5.253 and a p-value of 0. Hypothesis H5 posits that Staff Competency (SC) has a favorable effect on Leadership Training (LYT). Path coefficient (0.874) indicates a very strong positive relationship. T-statistic is 7.401, and the p-value is 0, indicating statistical significance.

Figure No 2: Structural Model



Sustainable Culture (SC) is greatly influenced by Human Resource Management Systems (HRMS), which account for a large amount of its variety. In turn, Sustainable Culture (SC) holds a significant favorable effect on employee retention (ER) as well as loyalty (LYT), with SC accounting for a greater percentage of the variance in LYT than ER.

The links between Social Capital (SC), Employee Loyalty (LYT), Employee Retention (ER), and Human Resource Management Sustainability (HRMS) are depicted in the presented structural model. The arrows that connect each construct to its corresponding indication show that each construct is measured by a number of indicators. The HRMS construct is the first to be discussed. It consists of six indicators (HRMS1 through HRMS6), each of which has a significant loading value between 0.824 and 0.891. The reliability and validity of the HRMS construct are confirmed by these high-loading values, which imply that these indicators substantially represent the HRMS construct. A high positive correlation between HRMS and SC is indicated by the route's large path coefficient of 0.852 from HRMS to SC (Social Capital). This suggests that implementing good HRMS procedures greatly improves the social capital of the company. Nine indicators (SC1 through SC9) are used to quantify social capital (SC).

These indicators provide a solid representation of the SC construct, with high loading values ranging from 0.836 to 0.910. Subsequently, the SC construct impacts two more constructs: Employee Retention (ER) and Employee Loyalty (LYT). With a path coefficient of 0.874, the association between SC and LYT is clearly extremely positive. The results show that employee loyalty is much enhanced by increasing social capital, as seen by the high loadings of LYT's indicators (LYT1 to LYT3), which range from 0.922 to 0.926. The route coefficient, however, from SC to ER is 0.841, which again shows a very significant positive correlation. This implies that better staff retention is a result of stronger social capital.

The dependability of the construct is shown by the high loading values (0.879 to 0.937) of the indicators for ER (ER1 to ER3). Remarkably, a straight route with a coefficient of 0.030, suggesting a modest but positive link, exists between HRMS and SC. This implies that although HRMS practices have a direct influence on social capital, this impact is less pronounced than that of their indirect impacts, which are mediated through SC. A different path from SC to SC has a negative coefficient of -0.098, which might point to a measurement mistake or a potential negative moderating impact that needs more research.

All things considered, the model shows that social capital is strongly impacted by sustainable HRM practices, and social capital greatly increases employee loyalty and retention. This demonstrates how crucial it is to promote social sustainability in HRM tactics in order to enhance organizational results. The robustness of the model and the important role that social capital plays in mediating the link between HRMS and employee outcomes are confirmed by the high values of the loadings and coefficients across the dimensions and their indicators. For companies looking to improve employee engagement and retention through the creation of social capital, this model provides a useful foundation.

4.3 Discussion

The purpose of this article has been to evaluate the direct effects of SHRM on the linkages that exist between social capital and employee loyalty and retention. The results will provide managers with vital information to guarantee that HR management rules are appropriately carried out. First, the findings support Hypothesis 1 by demonstrating the positive and significant effects of SHRM on social capital. These findings demonstrate how crucial SHRM is for understanding how employees see social ties in an arrangement. The results found are consistent with prior research since earlier studies (Kim, 2018; Osranek & Zink, 2014) have revealed a favorable association between sustainability and social capital in different sorts of environments. This has demonstrated that initiatives targeted at achieving more participation, collaboration, open promotion, and equality procedures inside an organization, as well as the opportunity to choose. Employees need to be aware of the company's social benefits since they help to build more social capital, which is important to establish a competitive edge that ensures the company's lasting survival (Macke & Genari, 2019).

Consequently, planning sustainable HR activities is driven mostly by the desire for social capital rather than financial gains (Osranek & Zink, 2014). (Kim et al., 2019). This is crucial to the implementation of a sustainable management of human capital approach. But we're still unsure of what occurs on a large scale and what impacts different aspects of longevity, public figures, or the press may put on how employees see social capital. Second, the results support the results of earlier research on different kinds of organizations Lee & Chen (2018), Kim & Park (2011), and show that SHRM has an important impact on staff loyalty (Hypothesis 2) or retention (Hypothesis 3). The point is that staff members are included in the administration and social sustainability decision-making initiatives may account for the results' importance. Furthermore, this survey was conducted in Pakistan's banking industry, where several studies indicate that sustainability initiatives are still in the early stages of strategic plans and that workers either understand or are a part of them. According to Cachon-Rodríguez et al. (2021), there is a need for a more extensive longitudinal investigation of these acts to determine when they actually result in effective staff loyalty. Thirdly, data demonstrate how social capital has a positive and substantial impact on employee retention. (Hypothesis 5) and loyalty (Hypothesis 4). This



validates the results of previous studies that argue relational elements like shared knowledge are among the crucial elements that contribute to employee retention and loyalty programs. Since it strengthens the bonds of trust and identification between employees, consequently, social capital is a resource. That can be used to foster devotion and preservation among internal members of an organization (Osranek & Zink, 2014; Kim et al., 2019; Cachon-Rodríguez et al., 2021). This demonstrates that the outcomes agree with those of earlier research. This is a distinct addition element that highlights the significance of social capital in keeping and retaining staff. This finding extends the field of human capital management by showing that social sustainability initiatives have a big impact on employee retention and loyalty.

5. Conclusion and Recommendation

The degree of sample segmentation would define a restriction, given that the sample consists of professors from public colleges. The outcomes may have been different if we had assessed the sustainability aspects independently or with the participation of other organizations. Consequently, future research could examine a wider range List interested parties or unreported organizations, including consumers, staff, supervisors, the proportion of the institute or industry, etc., in addition to comparing The relationship between each sustainability characteristic and employee loyalty and retention independently is impacted by these similar impacts. The impact of Human Resources management Sustainable (HRMS) methods on staff loyalty and retention has been critically studied in this study, with an emphasis on the mediating function of social capital within Pakistan's banking industry.

The results highlight how crucial it is to incorporate social sustainability into HRM practices in order to have a more devoted and reliable workforce. A few important findings emerged from our investigation. First off, studies show that SHRM practices greatly improve employees' perceptions of their social capital, suggesting that organizational efforts to advance social sustainability also successfully fortify the social networks and ties among staff members. In addition to being advantageous in terms of itself, this increase in social capital shows a critical intermediating part in the association between employee outcomes and SHRM practices. Improved social capital dramatically increases employee loyalty and retention, indicating that the advantages of SHRM practices go beyond immediate effects and favorably affect social ties within the workforce. The survey also discovered that SHRM has a direct and substantial impact on employee loyalty and retention practices. Better employee loyalty and a stronger inclination to remain with the company are associated with better perceptions of social sustainability inside the organization, underscoring the significance of SHRM in developing a devoted and stable workforce.

HR managers and policymakers would find particular value in the sector-specific insights this study offers, especially in light of Pakistan's banking sector's early embrace of sustainability efforts. This research highlights the necessity for organizations to engage in social sustainability as a strategic HRM aim and advances our understanding of how SHRM practices may successfully boost employee loyalty and retention through the creation of social capital. Several recommendations are provided for companies looking to improve employee loyalty and retention through SHRM practices in light of these findings. Initiatives aimed at developing social ties and a positive work environment—such as those that encourage employee engagement, cooperation, equality, and open communication—should be given top

priority by organizations. Human resource managers have to concentrate on tactics that enhance and fortify social capital within the company, such as organizing team-building exercises, initiating mentoring initiatives, and establishing avenues for interpersonal communication and information exchange. In order to provide a comprehensive approach to employee well-being and organizational success, it is imperative that SHRM practices be integrated into the organization's strategic HRM plans.

This will link sustainability goals with HR policies and practices. In order to determine their efficacy and make the required modifications, SHRM practices must be continuously monitored and evaluated. Feedback mechanisms must also be in place to collect employee opinions and experiences on social sustainability projects. To make the findings more broadly applicable, future research should take a wider variety of stakeholders and organizational contexts into account. Comparative studies conducted in other industries and geographical areas can also yield a more thorough knowledge of how SHRM practices affect employee outcomes. It is also advised to conduct longitudinal studies to monitor the long-term impacts of SHRM practices on employee retention and loyalty. These studies will aid in understanding the long-term implications of social sustainability programs and will assist in discovering best practices over time. Conclusively, the incorporation of social sustainability into HRM practices offers organizations a noteworthy prospect to augment employee loyalty and retention, cultivating a workplace environment that is both supportive and socially sustainable, thereby benefiting employees as well as the wider organizational goals.

5. Reference

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