

CHAPTER II

LITERATURE REVIEW

2.1 Theoretical Background

This section establishes the three theoretical pillars that ground the present study: Signaling Theory, Social Identity Theory, and the Ability-Motivation-Opportunity (AMO) Framework. Each theory provides a distinct lens through which the relationships among green HRM practices, employers' prestige, and job pursuit intention can be understood.

2.1.1 Signaling Theory

Signaling Theory, developed by Spence (1973), explains how parties with superior information credibly communicate unobservable qualities to parties with inferior information under conditions of information asymmetry. The theory posits that for a signal to be effective, it must be costly or difficult to imitate, thereby ensuring credibility and differentiating authentic signalers from imposters.

In the recruitment context, Signaling Theory has been applied in reverse: organizations signal their qualities to prospective employees. Job seekers face information asymmetry when evaluating potential employers and therefore rely on observable organizational signals such as recruitment materials, CSR activities, and public reputation to infer unobservable attributes (Guillot-Soulez et al., 2022).

2.1.2 Social Identity Theory

Social Identity Theory (SIT), proposed by Tajfel & Turner (1979), explains the psychological basis of intergroup behavior. The theory posits that individuals derive a significant portion of their self-concept from the social groups to which they belong or aspire to belong. People categorize themselves into social groups, derive self-esteem from group memberships, and engage in intergroup comparison to maintain a positive social identity.

Ashforth & Mael (1989) extended SIT to organizational contexts, arguing that organizational identification follows the same psychological processes as broader social identification. Individuals are attracted to prestigious organizations because such affiliation enhances their social identity (Lee et al., 2023).

2.1.3 Ability-Motivation-Opportunity (AMO) Framework

The Ability-Motivation-Opportunity (AMO) Framework, developed by Appelbaum et al. (2000), posits that organizational performance is a function of three interconnected components: Ability (skills and knowledge enhanced through recruitment and training), Motivation (drive to perform enhanced through incentives), and Opportunity (structural platforms for employee participation and contribution).

Within the GHRM literature, the AMO Framework has been widely adopted for categorizing green HR practices (Renwick et al., 2013). Green recruitment corresponds to Ability, green training to Motivation, and green employee relations to the Opportunity dimension (Arulrajah et al., 2015).

2.2 Job Pursuit Intention

Job pursuit intention (JPI) is defined as the cognitive and affective willingness of an individual to exert active effort in order to secure employment with a specific organization (Highhouse et al., 2003). JPI is conceptually distinct from both organizational attractiveness, which refers to a passive positive evaluation of an organization as a desirable place to work, and actual job choice, which represents the final decision to accept an offer. JPI occupies the intermediate position in the recruitment process, representing the transition from passive attraction to active behavioral engagement such as submitting applications, preparing for interviews, and seeking additional information about the organization (Dassler et al., 2022). Highhouse et al. (2003) developed and validated a five-item scale measuring JPI, which assesses willingness to accept a job offer, effort exerted to work for the organization, interest in interviewing, likelihood of attending an interview if invited, and intention to apply in the future.

2.3 Green Employee Relations

Green employee relations (GER) is defined as the subset of green human resource management (GHRM) practices that focuses on creating a participatory and empowering workplace environment in which employees are actively involved in organizational environmental management (Arulrajah et al., 2015). GER represents the “Opportunity” dimension of the AMO Framework (Appelbaum et al., 2000), providing the structural mechanisms and organizational platforms through which employees can exercise environmental agency and contribute their

ideas, concerns, and initiatives toward the organization's sustainability goals. Unlike green recruitment or green training, which focus on bringing in and developing environmental capability, GER focuses on enabling and encouraging environmental participation among existing employees.

The key dimensions of GER, as identified by Arulrajah et al. (2015), include green suggestion schemes that allow employees to propose environmental improvements, employee involvement in eco-design and environmental strategy development, green whistleblowing protection that safeguards employees who report environmental violations, environmental workshops and awareness programs, and stakeholder engagement on sustainability issues. Renwick et al. (2013), in their comprehensive review of GHRM, further highlighted that GER encompasses the negotiation of environmental agreements with employee representatives, the inclusion of environmental clauses in collective bargaining, and the creation of green teams or environmental committees within the organizational structure. These practices collectively ensure that environmental management is not imposed exclusively through top-down directives but is co-created through genuine employee participation.

2.4 Green Job Positions and Descriptions

Green job positions and descriptions (GJPD) refers to the formal integration of environmental duties, green competency requirements, and sustainability-related responsibilities into organizational job advertisements, role profiles, and position descriptions (Jabbour, 2011). GJPD represents one of the earliest and most visible

stages at which GHRM manifests in the recruitment process, as job descriptions and advertisements are typically the first point of contact between an organization and a prospective applicant. By embedding environmental criteria into the formal requirements of a position, organizations signal that ecological competence is not an optional add-on but a core element of the role and the organization's strategic direction (Renwick et al., 2013).

The dimensions of GJPD include the explicit listing of environmental tasks and responsibilities within job descriptions, the specification of green skills and eco-competencies as selection criteria, the highlighting of an organization's environmental mission and achievements in recruitment advertisements, the expression of preference for candidates with demonstrated environmental commitment, and the communication of the role's potential impact on organizational and broader environmental outcomes (Jabbour, 2011). Miah et al. (2024), in their systematic review of GHRM literature, identified that GJPD practices range from simple inclusion of environmental keywords in job postings to comprehensive redesign of position profiles that foreground sustainability as a primary job function. The degree of environmental integration in job descriptions varies along a continuum from superficial mention to structural embedding.

2.5 Employers' Prestige

Employers' prestige is defined as the social evaluation of an organization's standing, representing the degree to which the general public and relevant peer groups regard the organization highly and consider association with it to be

honorable and self-enhancing (Highhouse et al., 2003). Prestige is conceptually distinct from organizational image, which refers to the set of beliefs and impressions that an individual holds about an organization, and from organizational reputation, which reflects a more stable, long-term assessment of organizational quality. While image is subjective and individually constructed, and reputation is built over time through consistent performance, prestige specifically captures the status dimension, the extent to which others look up to and admire the organization (Dassler et al., 2022).

Highhouse et al. (2003) developed and validated a multi-item scale for measuring organizational prestige in the recruitment context. The scale assesses the degree to which employees of the organization are considered prestigious by others, how positively the organization is discussed by acquaintances, the prestige associated with being a member of the organization, the organization's reputation as a top employer in its field, and the social impression conveyed by working for the organization. This operationalization captures prestige as a socially constructed evaluation that exists in the perceptions of external observers rather than as an objective organizational attribute.

2.6 Previous Research

The empirical investigation into green human resource management and its impact on recruitment outcomes has gained significant momentum over the past decade. Scholars have progressed from defining green practices to quantifying their

psychological impact on prospective talent. The following table summarizes the key studies that inform the variables and relationships examined in this research.

Table 2.1

Summary of Previous Research

No.	Author(s) and Year	Title	Method	Key Variables	Key Findings
1	Fernandez & Ganesan (2023)	Job pursuit intentions of undergraduates towards GJPD, green performance management , GER with employers' prestige as the mediator	n=216, undergraduates in Malaysia	GJPD, GER, PRE, JPI	GER and GJPD significantly influence JPI through mediation of employers' prestige.
2	Nguyen Ngoc et al. (2023)	Generation Z job seekers in Vietnam: CSR-based employer attractiveness and job pursuit intention	n=290, students in Vietnam	CSR attitudes, Employer Attractiveness, JPI	Positive CSR assessment and engagement positively relate to JPI, mediated by employer attractiveness.
3	Nguyen Ngoc et al. (2022)	Generation Z job seekers' expectations and their job pursuit intention	n=48, students in Vietnam	CSR attitudes, JPI	CSR attitudes significantly predict JPI among Gen Z in emerging economies.
4	Soeling et al. (2022)	Organizational reputation: Does it	Mediation analysis, Indonesian	Employer Brand, Reputation	Organizational reputation fully mediates

No.	Author(s) and Year	Title	Method	Key Variables	Key Findings
		mediate the effect of employer brand attractiveness on intention to apply in Indonesia?	organizations	, Intention to Apply	employer brand attractiveness and application intention in Indonesia.
5	Joo et al. (2022)	Corporate social responsibility and job applicant attraction: A moderated-mediation model	n=395, job seekers	CSR, Employer Reputation, Expected Pride, Attraction	CSR positively relates to attraction via employer reputation and expected pride as serial mediators.
6	Guillot-Soulez et al. (2022)	Green certification and organizational attractiveness	Experimental design	Green Certification, Prestige, P-O Fit, Attractiveness	Green certification in recruitment ads increases attractiveness via perceived prestige and P-O fit.
7	Mbuyazi et al. (2022)	Impact of green HRM on organizational reputation and attractiveness	n=331	GHRM, Reputation, Attractiveness	GHRM strongly influences both organizational reputation and attractiveness; personal environmental orientation moderates.

No.	Author(s) and Year	Title	Method	Key Variables	Key Findings
8	Dassler et al. (2022)	Employer attractiveness from an employee perspective: A systematic literature review	Systematic review, 48 studies	Employer Attractiveness factors	Compensation, leadership, culture, and recruitment practices significantly influence employer attractiveness.
9	Miah et al. (2024)	A systematic literature review on GHRM: An organizational sustainability perspective	Systematic review	GHRM practices, sustainability	Green recruitment and selection are core GHRM practices; 63% of literature published in last 3 years.
10	Li et al. (2025)	Does green HRM stimulate employees' green behavior through a green psychological climate?	Empirical study	GHRM, Green Psychological Climate, Green Behavior	GHRM significantly enhances green behavior through green psychological climate as mediator.

The synthesis of these studies reveals several important patterns. First, there is consistent evidence that green organizational practices positively influence applicant perceptions and intentions, supporting the central premise of this research. Second, the mediating role of prestige or reputation is a recurring finding across

multiple studies and contexts, from Malaysian undergraduates (Fernandez & Ganesan, 2023) to Indonesian organizations (Soeling et al., 2022) to Vietnamese Gen Z (Nguyen Ngoc et al., 2023). Third, all ten studies in this review are published within the last five years (2022-2025), reflecting the rapid growth of this research domain and confirming the timeliness and relevance of the present study. Finally, Fernandez & Ganesan (2023) represent the most directly comparable prior study to the present research, as they examined the same variables (GER, GJPD, Prestige, JPI) using PLS-SEM; however, their study was conducted among Malaysian undergraduates, and this research extends their model to the Indonesian Gen Z context.

2.7 Hypothesis Development

2.7.1 The Direct Effect of Green Employee Relations on Job Pursuit Intention

Green employee relations (GER) encompasses participatory mechanisms such as green suggestion schemes, employee involvement in eco-strategy, and protected environmental whistleblowing that collectively demonstrate an organization's authentic commitment to sustainability (Arulrajah et al., 2015). Research has established that organizational practices perceived as socially responsible can directly influence applicant attitudes and intentions. Aladwan et al. (2021) found that companies with higher green HRM practices appear more attractive to candidates, suggesting a direct pathway from green practices to applicant responses. Joo

et al. (2022), using Social Identity Theory demonstrated that CSR directly and significantly influences job applicant attraction, with the relationship operating through multiple mechanisms including direct value-fit assessment. Furthermore, Mbuyazi et al. (2022) showed that green HRM practices directly increase organizational attractiveness, confirming that the green signal itself carries immediate recruitment value.

The argument for a direct effect of GER on job pursuit intention rests on the concept of perceived value congruence. When Generation Z job seekers, who hold strong personal environmental values, learn that an organization actively empowers its employees to participate in green decision-making, they perceive an immediate alignment between their own values and the organization's culture. This perceived person-organization fit, as described by Dassler et al. (2022), functions as a direct motivator of job pursuit that does not necessarily require the intermediate step of prestige evaluation. In the Yogyakarta context, where Gen Z students are exposed to sustainability discourse through both their academic programs and social networks, the knowledge that an organization practices genuine GER may be sufficient to trigger active job pursuit because it directly satisfies the applicant's desire for meaningful, values-aligned work. This direct pathway captures the motivational effect of value congruence, distinct from the prestige-mediated pathway tested in H4.

H1: Green employee relations have a positive and significant direct effect on job pursuit intention.

2.7.2 The Effect of Green Employee Relations on Employers' Prestige

Green employee relations, by empowering employees to participate in environmental governance, generates a signal of organizational authenticity that elevates a firm's public standing. When organizations implement green suggestion schemes, involve staff in eco-strategy, and protect environmental whistleblowers, they demonstrate that their sustainability commitment is structurally embedded rather than superficial (Renwick et al., 2013). Li et al. (2025) found that organizations with robust green employee involvement practices foster a "green psychological climate" that is visible to external stakeholders, thereby elevating perceptions of the organization. Van Waeyenberg & Semeijn (2026) further demonstrated that the perceived authenticity of green HRM practices is a critical factor, finding that when green practices are perceived as sincere, they significantly deepen both environmental and organizational identification. Fernandez & Ganesan (2023) empirically demonstrated that GER significantly influences employers' prestige among undergraduate students.

The argument for this relationship is grounded in the logic that employee participation is inherently difficult to fabricate. While a company can easily produce green marketing materials, sustaining genuine employee

involvement in environmental governance requires organizational structures, resources, and cultural alignment that are costly and time-consuming to develop. When prospective applicants, particularly the information-savvy Generation Z, observe or learn about such participatory practices through employer review platforms, social media, or word-of-mouth, they are more likely to assign prestige to the organization because its green identity is evidently authentic rather than performative. In the Yogyakarta context, where university communities are tightly networked and information travels rapidly through peer groups, the visibility of GER practices is expected to have a particularly strong influence on prestige perceptions among Gen Z job seekers.

H2: Green employee relations have a positive and significant effect on employers' prestige.

2.7.3 The Effect of Employers' Prestige on Job Pursuit Intention

Following Social Identity Theory (Tajfel & Turner, 1979), individuals are motivated to join organizations that are perceived as high-status because such affiliation enhances their self-concept and social standing (Ashforth & Mael, 1989). Highhouse et al. (2003) established prestige as a significant and direct predictor of intention to pursue employment, demonstrating that the desire to be associated with a reputable organization is a powerful motivator that operates independently of instrumental job attributes. Mbuyazi et al. (2022) showed that

organizational reputation generated by green HRM practices significantly increases organizational attractiveness, confirming the prestige-attraction link in an environmental context. Soeling et al. (2022) demonstrated in the Indonesian context that organizational reputation fully mediates the relationship between employer brand attractiveness and application intention, confirming that prestige is a proximal driver of applicant behavior. Nguyen Ngoc et al. (2023) extended these findings to the Gen Z context, showing that CSR-based employer attractiveness, a construct closely related to prestige, significantly predicts JPI.

The argument for this hypothesis in the present study is that for Generation Z in Yogyakarta, the prestige derived from an organization's environmental reputation constitutes a form of social currency. In a university-dense city where peer comparisons and social media visibility are pervasive, the choice of employer is not merely a private economic decision but a public statement of identity and values. When a firm is widely regarded as environmentally prestigious, Gen Z applicants anticipate that joining it will generate positive social feedback from peers, family, and professional networks, thereby enhancing their self-esteem and social identity. This anticipated "pride of affiliation" is expected to translate directly into active job pursuit behavior, including willingness to accept offers, exert effort, and attend interviews.

H3: Employers' prestige has a positive and significant effect on job pursuit intention.

2.7.4 The Mediating Role of Employers' Prestige between GER and JPI

Green HRM practices do not always translate directly into job pursuit behavior; they must often first be psychologically processed and synthesized into an evaluation of the organization's overall standing (Joo et al., 2022). Fernandez & Ganesan (2023) demonstrated that employers' prestige significantly mediates the relationship between GER and JPI, indicating that the participatory green practices of an organization elevate its perceived status, which in turn motivates applicants to pursue employment. Soeling et al. (2022) similarly found that organizational reputation is a key mechanism through which employer attractiveness converts into application intentions in Indonesian organizations. Joo et al. (2022) identified employer reputation and expected pride as serial mediators through which CSR signals attract job seekers, further supporting the prestige-mediated pathway.

The theoretical argument for this mediation is that GER practices serve as observable inputs that demonstrate environmental commitment, but for some applicants, particularly those whose environmental identity is less central, these practices need to be translated into a broader reputational evaluation before they activate job pursuit. Employers' prestige represents this synthesized evaluation, the cognitive and affective assessment that the

organization is admirable, high-status, and worth being associated with. In the Yogyakarta context, where many organizations may engage in some degree of environmental practice but not all are perceived as prestigious environmental leaders, the mediation pathway is particularly relevant. It suggests that GER practices must be visible and impactful enough to elevate the organization's prestige in the eyes of Gen Z applicants before they trigger pursuit behavior through the identity-enhancement mechanism described by Social Identity Theory.

H4: Employers' prestige mediates the relationship between green employee relations and job pursuit intention.

2.7.5 The Direct Effect of Green Job Positions and Descriptions on Job Pursuit Intention

The formal integration of environmental responsibilities into job descriptions and recruitment materials provides prospective applicants with concrete, actionable information about the nature of the role and the values of the organization (Jabbour, 2011). Drawing on Signaling Theory (Spence, 1973), GJPD reduces the information asymmetry that job seekers face by providing direct evidence of what working for the organization would entail. Guillot-Soulez et al. (2022) found that green signals in recruitment directly influence applicant perceptions, particularly among individuals who hold strong environmental values. Joo et al. (2022) found that CSR signals generate not only employer reputation effects (the prestige pathway) but

also direct value-fit perceptions, a mechanism through which green job characteristics attract job seekers without necessarily requiring prestige as an intermediary. Miah et al. (2024), in their systematic review, confirmed that green recruitment practices directly attract pro-environmental job seekers through value-signaling mechanisms.

The rationale for a direct effect of GJPD on JPI among Gen Z in Yogyakarta is grounded in the information-processing habits of this digital-native generation. When Gen Z job seekers encounter job advertisements that explicitly list environmental duties, green competency requirements, and sustainability-related responsibilities, they can immediately assess whether the role aligns with their personal values and career aspirations. This direct assessment of person-job fit and person-organization fit, facilitated by the transparency of green job descriptions, can trigger job pursuit intention without requiring the applicant to first evaluate the organization's overall prestige. For final-year university students in Yogyakarta who are actively scanning job portals and career platforms, the explicit presence of environmental content in a job description serves as an immediate differentiator that signals relevance and value alignment, thereby directly motivating pursuit behavior.

H5: Green job positions and descriptions have a positive and significant direct effect on job pursuit intention.

2.7.6 The Effect of Green Job Positions and Descriptions on Employers' Prestige

The formal integration of environmental responsibilities into job descriptions constitutes a high-fidelity external signal of an organization's core values and strategic priorities (Jabbour, 2011). Drawing on Signaling Theory (Spence, 1973), GJPD reduces the information asymmetry that prospective applicants face when evaluating potential employers by providing concrete evidence of environmental commitment in the most visible stage of the recruitment process. Guillot-Soulez et al. (2022) found that green certification in recruitment advertisements increases organizational attractiveness specifically through enhanced perceived prestige and person-organization fit, confirming the signal-to-prestige pathway. Joo et al. (2022) demonstrated that CSR signals generate employer reputation perceptions among job seekers, which corresponds to the prestige dimension. Fernandez & Ganesan (2023) confirmed the positive relationship between GJPD and employers' prestige in their mediation model.

The rationale for this hypothesis draws on the distinction between costly and cheap signals. Because formal job descriptions carry legal and contractual implications, organizations cannot easily include environmental duties as mere decoration without accountability. When a firm states that environmental competency is a selection criterion or that the role involves sustainability-related tasks, it commits itself to environmental performance

in a way that is verifiable and enforceable. For Generation Z, who are accustomed to critically evaluating employer claims through online research and peer reviews, such formalized signals carry greater weight than generic CSR statements. In Yogyakarta's competitive graduate labor market, organizations that distinguish themselves through explicitly green job profiles are expected to be perceived as more prestigious than those offering conventional descriptions, as the environmental framing adds a layer of purpose and distinction to the employer brand.

H6: Green job positions and descriptions have a positive and significant effect on employers' prestige.

2.7.7 The Mediating Role of Employers' Prestige between GJPD and JPI

The relationship between GJPD and JPI may also operate through an indirect pathway in which green job descriptions first enhance organizational prestige, which then motivates job pursuit. Fernandez & Ganesan (2023) demonstrated that employers' prestige significantly mediates the relationship between GJPD and JPI, indicating that green job descriptions do not only attract applicants through direct information provision but also by elevating the perceived status of the organization. Soeling et al. (2022) found that the reputational effects of employer branding on application intentions are channeled through organizational reputation, supporting the general principle that organizational signals influence applicant behavior partly through their impact on perceived

organizational standing. The prestige mechanism identified by Guillot-Soulez et al. (2022) further supports this indirect pathway, as green signals in recruitment generate prestige perceptions that enhance organizational attractiveness.

The argument for this mediation in the Yogyakarta context centers on the social visibility of employment choices among Gen Z. When GJPD signals are processed by prospective applicants, they contribute not only to an individual assessment of job fit (the direct effect captured in H5) but also to a social evaluation of the organization's standing relative to its competitors. In a city where multiple organizations may be competing for the same pool of university graduates, the organizations whose job descriptions most prominently feature environmental responsibilities are likely to be perceived as more progressive, forward-thinking, and prestigious. This enhanced prestige, once formed in the mind of the applicant, activates the social identity motivation described by Tajfel & Turner (1979), whereby the desire to affiliate with a high-status organization drives active job pursuit. The mediation pathway thus captures the social-evaluative mechanism through which GJPD influences JPI, complementing the direct value-fit pathway hypothesized in H5.

H7: Employers' prestige mediates the relationship between green job positions and descriptions and job pursuit intention.

2.8 Research Framework

The research framework for this study is constructed as a partial mediation model that conceptualizes how two distinct Green HRM practices, one internal (green employee relations) and one external (green job positions and descriptions), influence job pursuit intention through both direct and indirect pathways. The model specifies seven hypothesized relationships organized around three types of effects. First, the direct effects: Green employee relations is hypothesized to directly influence job pursuit intention (H1) through value congruence, and green job positions and descriptions is hypothesized to directly influence job pursuit intention (H5) through information-based signaling. Second, the antecedent-to-mediator effects: both green employee relations (H2) and green job positions and descriptions (H6) are hypothesized to positively influence employers' prestige by elevating the organization's perceived standing through authentic green signals. Third, the mediator-to-outcome effect: Employers' prestige is hypothesized to positively influence job pursuit intention (H3) through the social identity mechanism of anticipated pride of affiliation. Finally, two mediation hypotheses complete the framework: Employers' prestige is hypothesized to mediate the relationship between green employee relations and job pursuit intention (H4), and between green job positions and descriptions and job pursuit intention (H7).

This framework reflects the theoretical logic that green HRM practices can influence applicant behavior through dual mechanisms. The direct pathways (H1 and H5) capture the value-congruence and information-signaling

effects whereby green practices immediately attract values-aligned applicants. The indirect pathways (H4 and H7) capture the social-evaluative mechanism whereby green practices first build organizational prestige, which then activates the identity-enhancement motivation that drives job pursuit. By testing both direct and mediated effects simultaneously, this study provides a more comprehensive understanding of the psychological processes through which green HRM practices translate into recruitment outcomes among Generation Z in Yogyakarta.

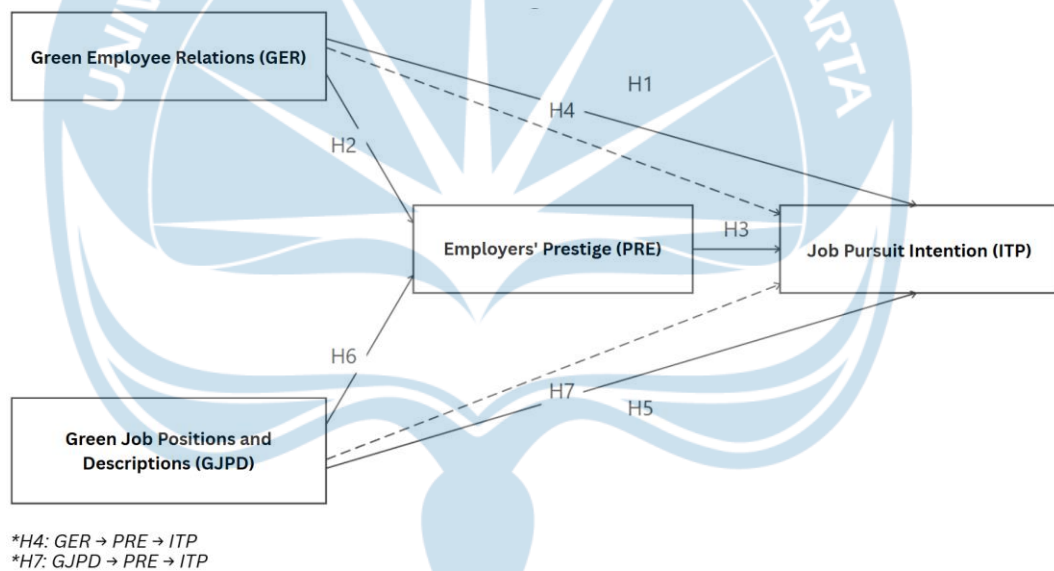


Figure 2.1 Research Framework modified from Fernandez & Ganesan (2023)