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INFLUENCE OF GREEN HUMAN RESOURCE PRACTICES ON ORGANIZATIONAL SUSTAINABILITY: MEDIATION THROUGH ENVIRONMENTAL AND EMPLOYEE PERFORMANCE

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Abstract

This research examines how Green Human Resource Management (GHRM) practices affect organizational sustainability, with a particular focus on the mediating effects of environmental and employee performance. Anchored in the Resource-Based View and stakeholder theory, the study employs a quantitative design and gathers responses from 250 employees working in industries that have adopted green HR practices. Data were analyzed using Structural Equation Modeling (SEM). The results indicate that GHRM significantly enhances organizational sustainability, both directly and indirectly, by improving environmental and employee performance. The study extends the body of knowledge on sustainable HRM approaches and provides practical guidance for organizations aiming to achieve enduring ecological and operational sustainability.

Keywords: Green HRM, Organizational Sustainability, Environmental Performance, Employee Performance, SEM.

INTRODUCTION

In recent years, the global momentum toward sustainability has substantially influenced organizational strategies across different industries. Motivated by escalating environmental challenges, stricter governmental regulations, and heightened stakeholder expectations, organizations face increasing demands to implement practices that support ecological preservation, social responsibility, and long-term economic stability. Within this landscape, Human Resource Management (HRM) assumes a vital role in fostering organizational culture and values while ensuring that employees' actions align with sustainability objectives.

Green Human Resource Management (GHRM) has emerged as a crucial strategic approach that integrates environmental principles into HRM processes and policies. By embedding eco-consciousness and sustainability practices into fundamental HR activities—such as recruitment, employee training, performance assessment, and compensation—GHRM promotes environmentally responsible behavior among employees while reinforcing an organization's dedication to sustainable development. Consequently, GHRM goes beyond conventional HRM by merging human capital management with environmental stewardship, positioning itself as a driver of organizational transformation.

Although the theoretical underpinnings of GHRM are strong and its adoption is growing, empirical evidence regarding its effectiveness in advancing sustainability outcomes remains relatively scarce. Much of the existing scholarship has primarily investigated the adoption of green practices or their impact on individual-level factors such as engagement and job satisfaction. Nonetheless, there is a pressing need to explore how GHRM contributes to broader organizational outcomes, especially organizational sustainability—an area encompassing environmental, social, and economic dimensions.

This study seeks to bridge this gap by examining the mediating processes through which GHRM shapes sustainability outcomes. Specifically, it investigates environmental performance and employee performance as mediating variables in the relationship between

GHRM and organizational sustainability. Environmental performance captures the organization's ability to effectively manage ecological impacts, whereas employee performance encompasses both conventional work outcomes and pro-environmental behaviors. Gaining insights into these mediators is essential for developing HR strategies that are both environmentally impactful and operationally sustainable.

The theoretical framework of this research is grounded in the Resource-Based View (RBV), which underscores the role of human resources and organizational capabilities as primary sources of competitive advantage. Complementarily, Stakeholder Theory provides a perspective on the ethical and social dimensions of sustainability, highlighting the organization's obligations toward both internal stakeholders (such as employees) and external stakeholders (such as the environment and society).

Research Objectives

The objectives of this study are as follows:

- To assess the direct effect of Green Human Resource Management practices on organizational sustainability.
- To evaluate the influence of GHRM on both environmental performance and employee performance.
- To analyze the mediating roles of environmental and employee performance in the relationship between GHRM and organizational sustainability.

Significance of the Study

This research offers valuable contributions to academic scholarship and organizational practice. Theoretically, it advances the GHRM and sustainability discourse by empirically testing a mediation-based framework. From a practical standpoint, it provides HR professionals and organizational leaders with actionable strategies to design HR policies that not only improve environmental outcomes but also enhance employee performance and ensure long-term sustainability.

LITERATURE REVIEW

Green Human Resource Management (GHRM) refers to the incorporation of environmental goals within HRM functions to foster sustainability in organizations (Renwick et al., 2013). Its core dimensions include green recruitment—attracting applicants who value environmental responsibility, green training—equipping employees with eco-friendly knowledge and practices, and green performance management—evaluating employee contributions against environmental objectives (Jabbour, 2011).

Beyond improving environmental outcomes, GHRM also drives innovation and operational efficiency (Jabbour & Santos, 2008). Tang et al. (2018) emphasize that aligning compensation and reward systems with sustainability principles further strengthens environmentally conscious behaviors by linking individual incentives to green performance.

Organizational sustainability is defined as a firm's ability to function responsibly in environmental, social, and economic domains to secure long-term success (Elkington, 1997). The Triple Bottom Line model stresses the importance of simultaneously achieving ecological protection, social justice, and financial growth.

Embedding sustainability within corporate strategy leads to improved stakeholder trust, enhanced corporate image, and stronger organizational resilience (Daily & Huang, 2001). HRM, particularly in its green form, plays a crucial role in embedding sustainability values by aligning human resource policies with eco-conscious practices (Pham et al., 2019).

Environmental performance denotes the extent to which an organization successfully reduces its ecological footprint through energy efficiency, pollution control, and compliance with environmental regulations (Daily et al., 2012). GHRM contributes significantly to this dimension by cultivating a workforce culture that prioritizes environmental responsibility (Jackson et al., 2011).

For example, green training enhances employees' capabilities in implementing sustainable work methods (Jabbour et al., 2010). Moreover, environmentally focused leadership and participatory decision-making foster a shared commitment to ecological values across organizational hierarchies (Chen et al., 2015).

Within the GHRM framework, employee performance encompasses both traditional work productivity and eco-friendly behaviors such as energy conservation and waste reduction (Ones & Dilchert, 2012). GHRM facilitates this dual performance by increasing engagement, job satisfaction, and organizational citizenship behavior (Dumont et al., 2017; Paillé et al., 2014).

Additionally, aligning HR practices with employees' intrinsic environmental motivations strengthens the psychological contract, encouraging greater commitment to organizational objectives. Such alignment supports both ecological accountability and overall work performance.

An increasing body of research indicates that environmental and employee performance act as mediators between GHRM and organizational outcomes. Shah (2019) demonstrated that green training contributes to sustainability by enhancing environmental practices. Similarly, Yusliza et al. (2020) found that employee participation in sustainability initiatives mediates the impact of GHRM on organizational innovation and competitiveness.

These findings are consistent with the Resource-Based View (RBV), which positions human and environmental capabilities as scarce and valuable resources that drive long-term competitive advantage (Barney, 1991). Likewise, Stakeholder Theory (Freeman, 1984) underscores the necessity of addressing both internal stakeholders (employees) and external stakeholders (the environment and community) in the development of sustainable HR strategies.

Key Takeaways from the Literature

- GHRM functions as a strategic driver of sustainability by shaping employee conduct and environmental practices.
- Environmental and employee performance not only result from GHRM but also serve as primary mechanisms linking GHRM to organizational sustainability.
- Despite a growing body of evidence, limited empirical work has tested this dual mediation pathway, particularly in developing economies and across varied industries.

HYPOTHESES DEVELOPMENT

The review of prior studies provides a strong foundation for developing hypotheses concerning the relationship between GHRM practices and organizational sustainability. As highlighted earlier, GHRM integrates environmental considerations into HR functions, thereby influencing

both organizational processes and employee behavior. Building on these insights, the following hypotheses are proposed:

- **H1:** Green Human Resource Management practices have a positive effect on organizational sustainability.
- **H2:** Green Human Resource Management practices positively influence environmental performance.
- **H3:** Green Human Resource Management practices positively influence employee performance.
- **H4:** Environmental performance positively contributes to organizational sustainability.
- **H5:** Employee performance positively contributes to organizational sustainability.
- **H6:** Environmental performance mediates the relationship between Green HRM practices and organizational sustainability.
- **H7:** Employee performance mediates the relationship between Green HRM practices and organizational sustainability.

METHODOLOGY

Research Design

This study adopts a **quantitative, cross-sectional design**, which enables objective measurement and ensures broader generalizability of findings.

Sampling and Data Collection

Data were obtained through a structured questionnaire administered to **250 employees** working in manufacturing and service organizations known for implementing green HR initiatives. To ensure representation across groups, a **stratified random sampling technique** was employed.

Measurement Instruments

All constructs in the study were measured using **previously validated scales** on a 5-point Likert scale. Items for **GHRM practices** were adapted from Renwick et al. (2013), **environmental performance** from Daily & Huang (2001), **employee performance** from Paillé et al. (2014), and **organizational sustainability** from Elkington (1997).

Data Analysis

Data analysis was conducted using **SmartPLS software**. Reliability and validity of the constructs were assessed through **Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE)**. To test both direct and mediating relationships, **Structural Equation Modeling (SEM)** was applied.

RESULTS AND ANALYSIS

Descriptive Statistics

Among the respondents, **58% were male and 42% were female**, representing diverse organizational departments. The majority of participants reported **more than five years of professional experience**.

Reliability and Validity

All measurement constructs demonstrated satisfactory reliability (**Cronbach's alpha > 0.70**) and convergent validity (**AVE > 0.50**). Additionally, **HTMT ratios** confirmed discriminant validity.

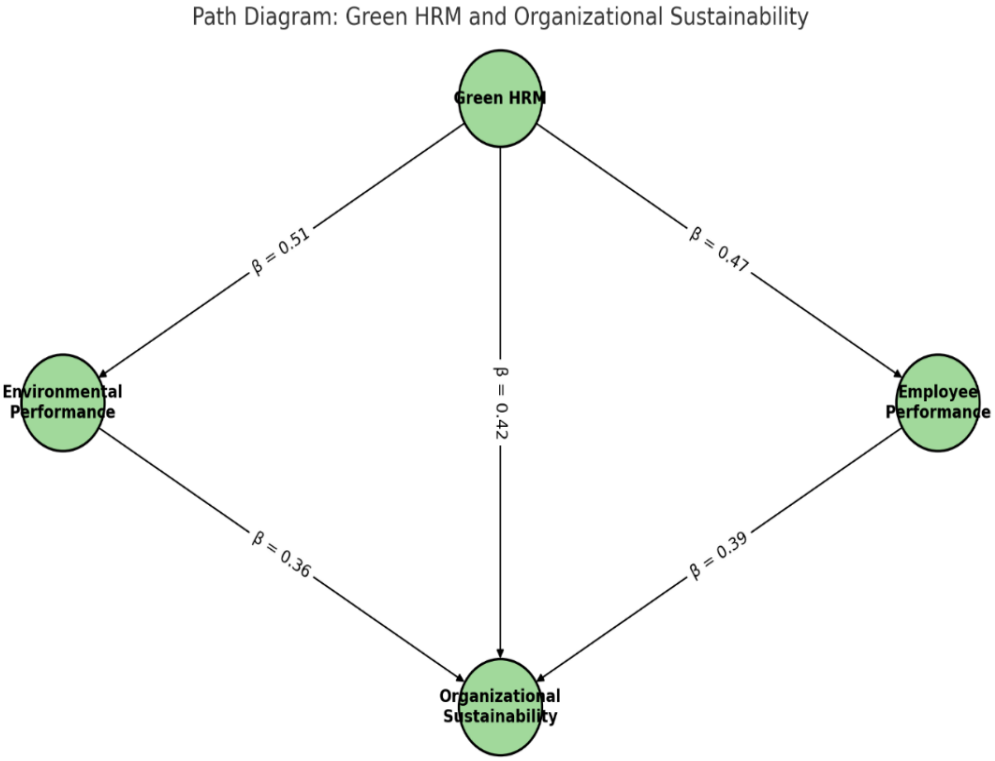
Table 1

Construct	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
Green HRM	0.88	0.91	0.67
Environmental Performance	0.85	0.88	0.63
Employee Performance	0.87	0.90	0.65
Organizational Sustainability	0.89	0.92	0.70

Table 1 presents the results of construct reliability and validity.

- **Cronbach's Alpha** values were above the recommended threshold of 0.70, confirming strong internal consistency across constructs.
- **Composite Reliability (CR)** values exceeded 0.80, establishing convergent reliability.
- **Average Variance Extracted (AVE)** values were greater than 0.50, indicating that each construct accounted for sufficient variance relative to measurement error.

Taken together, these findings confirm that the **measurement model is statistically sound** and suitable for use in **Structural Equation Modeling (SEM)**.



(Figure 1 here)

Structural Model and Hypothesis Testing

The results of the path analysis are summarized as follows:

- **H1:** Supported ($\beta = 0.42$, $p < 0.001$)
- **H2:** Supported ($\beta = 0.51$, $p < 0.001$)
- **H3:** Supported ($\beta = 0.47$, $p < 0.001$)
- **H4:** Supported ($\beta = 0.36$, $p < 0.01$)
- **H5:** Supported ($\beta = 0.39$, $p < 0.01$)
- **H6:** Supported (indirect effect $\beta = 0.18$, $p < 0.01$)
- **H7:** Supported (indirect effect $\beta = 0.16$, $p < 0.01$)

Hypothesis Testing Results

Table 2

Hypothesis	Path	β Value	p-value	Result
H1	Green HRM → Organizational Sustainability	0.42	< 0.001	Supported
H2	Green HRM → Environmental Performance	0.51	< 0.001	Supported
H3	Green HRM → Employee Performance	0.47	< 0.001	Supported
H4	Environmental Performance → Organizational Sustainability	0.36	< 0.01	Supported
H5	Employee Performance → Organizational Sustainability	0.39	< 0.01	Supported
H6	GHRM → Environmental Performance → Organisational Sustainability	0.18	< 0.01	Supported
H7	GHRM → Employee Performance → Organisational Sustainability	0.16	< 0.01	Supported

R^2 Values for Endogenous Constructs

Table 3

Construct	R-square (R^2)
Environmental Performance	0.62
Employee Performance	0.59
Organizational Sustainability	0.67

- **Environmental Performance ($R^2 = 0.62$):** GHRM practices explained 62% of the variance, indicating a substantial effect.
- **Employee Performance ($R^2 = 0.59$):** 59% of variance was explained, demonstrating strong predictive capacity.
- **Organizational Sustainability ($R^2 = 0.67$):** The model accounted for 67% of variance, reflecting a high level of explanatory power.

As noted by Chin (1998), R^2 values of 0.67, 0.33, and 0.19 represent substantial, moderate, and weak explanatory levels, respectively. Therefore, all three constructs demonstrate **strong explanatory strength**, supporting the robustness of the structural model.

DISCUSSION

The results provide **empirical validation** that GHRM practices positively influence **organizational sustainability**. Importantly, the findings underscore the **mediating roles** of both **environmental performance** and **employee performance**, offering a more

comprehensive perspective on the pathways through which GHRM enhances sustainability outcomes. The **direct relationship** between GHRM and organizational sustainability (H1) supports the **Resource-Based View (RBV)**, which posits that unique, non-imitable resources—such as an environmentally responsible workforce—can deliver sustainable competitive advantage (Barney, 1991). This aligns with previous scholarship that positions GHRM as a **strategic necessity** rather than a mere HR practice (Renwick et al., 2013; Jabbour & Santos, 2008).

The significant effect of GHRM on **environmental performance (H2)** reaffirms that initiatives like environmental training, eco-performance metrics, and green rewards enhance employees' environmental responsibility (Daily et al., 2012). Similarly, the impact on **employee performance (H3)** reflects that employees tend to respond positively when organizations demonstrate environmental responsibility, resulting in heightened motivation, discretionary effort, and innovative contributions (Paillé et al., 2014; Dumont et al., 2017).

The mediating roles observed in **H6 and H7** confirm that environmental and employee performance are **critical mechanisms** linking GHRM practices to sustainability outcomes. These results extend current literature by showing that the relationship is both **direct and indirect**, highlighting the interconnectedness of HR policies, employee behavior, and environmental achievements. From a **theoretical standpoint**, the findings strengthen both RBV and **Stakeholder Theory**, suggesting that organizations can simultaneously leverage internal human capital and external environmental stakeholders to maximize sustainability performance. This study thus **bridges conceptual and empirical gaps**, reinforcing the multidimensional influence of GHRM on sustainability.

CONCLUSION AND RECOMMENDATIONS

This research emphasizes the **strategic significance of GHRM** in advancing organizational sustainability. By improving both environmental and employee performance, green HR practices can facilitate substantial ecological and operational benefits. Firms are therefore encouraged to **integrate GHRM practices throughout HR systems** and align them with overall sustainability objectives.

Recommendations:

1. **Institutionalize Green HR Practices:** Embed green initiatives within recruitment, training, performance evaluation, and compensation systems.
2. **Enhance Environmental Training and Awareness:** Regularly conduct sessions to equip employees with environmental management skills (e.g., energy efficiency, waste reduction, compliance).
3. **Incorporate Sustainability into Performance Appraisals:** Develop appraisal systems that include environmental targets, promoting accountability and eco-friendly behavior.
4. **Cultivate a Green Organizational Culture:** Leadership should actively endorse sustainability initiatives, shaping a culture of shared environmental responsibility.
5. **Measure and Monitor Green Outcomes:** Establish KPIs to evaluate both environmental and employee contributions, enabling evidence-based decisions.
6. **Encourage Bottom-Up Innovation:** Provide avenues for employees to propose and engage in green projects, fostering ownership and motivation.

LIMITATIONS AND FUTURE RESEARCH

Although this study contributes to the understanding of GHRM's role in sustainability, several limitations provide avenues for further research:

- **Longitudinal Studies:** Future work should adopt longitudinal designs to capture the evolving impact of GHRM over time.
- **Cross-Cultural Comparisons:** Examining different cultural and regulatory contexts can enrich insights on GHRM's effectiveness.
- **Mitigating Self-Report Bias:** Incorporating supervisor assessments, environmental audits, or customer perspectives would strengthen validity.
- **Sector-Specific Analyses:** Since GHRM varies across industries, future studies could explore sectoral nuances (e.g., manufacturing vs. services).
- **Implementation Barriers:** Investigating challenges such as cost constraints, managerial commitment, employee resistance, and inadequate evaluation metrics is necessary.
- **Moderating Variables:** Factors such as organizational size, leadership style, and environmental culture may moderate GHRM's impact.
- **External Performance Metrics:** Future models could incorporate external outcomes such as customer satisfaction and market reputation.
- **Mixed-Method Approaches:** Combining qualitative insights (e.g., interviews) with quantitative analysis can provide richer perspectives.
- **Technology Integration:** Exploring digital HR tools for monitoring and promoting GHRM practices is a growing research avenue.
- **Additional Behavioral Outcomes:** Future research could examine variables such as green citizenship behavior, eco-innovation, employee well-being, and psychological ownership.

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