

Effect of Green Human Resource Management on Organizational Sustainability in Nepal : The Mediating Role of Environmental and Employee Performance

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Abstract

This research aims to study the effect of green human resource management on organizational sustainability and the mediation effect of environmental & employee performance in Nepal. This investigation will be carried out using a quantitative approach. Purposive sampling was used to select 215 small and medium-sized businesses from Nepal as the study's sample size. Data analysis tools like SPSS and Smart PLS were employed. The findings shows that there is a significant positive effect of green human resource management and employee performance, environmental performance and organization sustainability. Similarly, there is a significant positive effect of employee performance and organization sustainability. Likewise, there is a significant positive effect of environmental performance and organization sustainability. Also, there is a mediating effect of employee performance and environmental performance in the relationship between greenhouse resource management and organization sustainability. Examining the mediating effects of employee performance on green human resource management (GHRM) and organizational sustainability might shed light on the link between these variables. According to the findings, GHRM practices including environmental-focused hiring, training, and development methods have a positive effect on employee performance. It also demonstrates how increased employee performance helps to mediate the relationship between GHRM and organizational sustainability and how GHRM's positive benefits on sustainability are partly communicated through it. The importance of employing GHRM strategies to boost employee commitment, engagement, and motivation—which in turn fosters organizational sustainability—is emphasized by this study. Businesses that prioritize GHRM may build a workforce base that is

environmentally aware and actively contributes to achieving sustainable goals, which will ultimately lead to long-term success and a positive environmental impact.

Keywords: Human Resource Management, Employee Engagement, Employee Performance, Small and Medium Enterprises

Introduction

Environmental issues, particularly those after the industrial revolution and the ensuing environmental deterioration, have caused an increase in environmental concerns over the past few years (Talwar, et al., 2022). The perception of environmentally friendly products is becoming a key component of company strategy. More sustainable business practices are used by green enterprises than by their traditional competitors, according to research (Rathore, 2022). Business operations, technology adoption, and system implementation are increasingly incorporating eco-friendly products and corporate social responsibility policies. The adoption of green business practices by companies is advantageous for society as a whole and reflects their dedication to CSR (Abbas & Dogan, 2022). Business companies in developed countries also took the initiative to launch innovative initiatives under the umbrella of "green HRM (GHRM)." GHRM procedures also encourage people to work harder and be more dedicated to improving environmental efficiency. To protect the environment, the GHRM method entails altering organizational policies, strategies, and HRM culture (Tanveer, 2023). In order to protect the environment, the Green HRM Approach entails modifying organizational policies, strategies, and HRM culture. As a result, GHRM is essential for long-term organizational development (Alyahya et al., 2023).

The concept of "green human resource management" (GHRM) has gained popularity recently (Bahuguna et al., 2023). Under the term GHRM, environmental sustainability is integrated into human resource management processes. The GHRM's two primary objectives are to promote sustainable development and reduce environmental damage. GHRM is a strategic approach to managing human resources that includes environmental responsibility. Organizational sustainability is mediated through GHRM's impact by performance on the environmental and personnel fronts. "Organizational sustainability" is the ability of a group to meet its immediate requirements without risking the ability for future generations to satisfy their own needs (Nunez-

Rios et al., 2020). The environmental performance of an organization refers to how environmentally sustainable its operations are. Employee performance is the term used to describe an individual's contribution to the achievement of corporate goals. Because environmental performance is a key component of sustainability, achieving organizational sustainability depends on both of these factors (Asiaei et al., 2022). Human resource management has been studied in Nepal (Gurung & Choi, 2019; Gautam, 2015; Subedi & Sthapit, 2020), however research on green HRM, environmental performance, employee engagement, and organizational sustainability is lacking. It would be beneficial to look into GHRM procedures in the context of Nepal.

Objectives

1. To analysis the relationship among green human resource management, organizational sustainability, environmental performance and employee performance.
2. To study the mediating effects of environmental performance between green human resource management and organizational sustainability.
3. To examine the mediating effects of employee performance between green human resource management and organizational sustainability.

Literature Review

Organizational sustainability and GHRM interact in a significant and beneficial way. GHRM approaches support organizational sustainability by ensuring that environmental considerations are incorporated into HR policies and processes. For instance, GHRM can comprise selecting and employing personnel who are familiar with the environment and who support the company's sustainability goals. The advancement of staff employees' knowledge of sustainable business practices may also involve training and development programs (Das & Singh, 2016). GHRM encourages people to innovate and develop their skills. The information and skills that participants in training programs for sustainability and environmentally friendly practices acquire are helpful for the workplace. Due to their enhanced abilities and the innovation-friendly culture supported by GHRM, employees are now more equipped to find creative solutions to environmental issues (Sheopuri & Sheopuri, 2015). A person's ability to adapt and think critically improves their ability to make decisions, solve problems, and do their work more effectively.

Employee performance is crucial for achieving and maintaining organizational sustainability. Above-average performers contribute to waste reduction, resource efficiency improvements, and the adoption of sustainable practices. In order to improve social and environmental outcomes, motivated and engaged employees are more likely to align their actions and behaviors with the organization's sustainability goals (Amjad et al., 2021). By enhancing their individual performance, employees can considerably enhance the company's sustainability performance. Additionally, increased employee productivity may be a result of organizational sustainability. When a company prioritizes sustainability, it creates a work environment that is mission and value oriented. When employees are in line with the sustainability aim and values of the firm, there is typically a higher level of employee engagement, motivation, and dedication (Aboramadan, 2022).

HR strategy and environmental goals should be coordinated, according to GHRM methodologies. This includes including sustainability considerations in the selection and hiring processes as well as in performance evaluations and incentive schemes. By incorporating sustainability criteria into these HR procedures, employers may attract and retain personnel who are concerned about the environment and support their green goals. In addition to being skilled at their tasks, this coordination ensures that employees are committed to sustainable practices (Yasin, Huseynova, & Atif, 2023). As a result, businesses are better able to achieve their environmental performance objectives and demonstrate their commitment to environmental stewardship. GHRM can support environmental performance improvement and innovation. Employers who involve their staff in sustainability initiatives and give them the necessary tools and training can profit from their knowledge and creativity (Al-Swidi et al., 2021). Giving workers the ability to suggest solutions to environmental issues may encourage innovation within the business. The development of more ecologically friendly practices, products, and services might be facilitated by this technology, which would ultimately improve the organization's environmental performance.

Performance in terms of the environment is mostly what determines a company's sustainability. Businesses that give sustainability a high priority recognize how crucial it is to reduce their environmental impact and actively look for ways to achieve so. By adopting sustainable practices including resource conservation, waste reduction, and emissions control, businesses can improve their environmental performance. This entails limiting pollution, lowering

greenhouse gas emissions, safeguarding natural resources, and promoting biodiversity (Bassetti et al., 2021). Corporate sustainability, green human resource management (GHRM), and employee productivity are all interrelated. According to Amjad et al. (2021), employee and environmental performance have a mediating role in the relationship between green human resource management (training and development, performance evaluation, reward and compensation) and organizational sustainability. A company can achieve its sustainability goals while preserving its long-term profitability and moral business practices by incorporating environmental considerations into its human resources (HR) policies and processes. This connection fosters a culture of sustainability where workers are motivated, empowered, and supportive of the business' environmental goals, which improves overall performance and has positive effects on the environmental and social implication. Thus,

H1: “There is a significant and positive relationship between green human resource management and organizational sustainability.”

H2: “There is a significant and positive relationship between green human resource management and employee performance.”

H3: “There is a significant and positive relationship between employee performance and organizational sustainability.”

H4: “There is a significant and positive relationship between green human resource management and environment performance.”

H5: “There is a significant and positive relationship between environment performance and organizational sustainability.”

H6: “Employee performance mediate the relationship between green human resource management and organizational sustainability.”

H7: “Environmental performance mediate the relationship between green human resource management and organizational sustainability.”

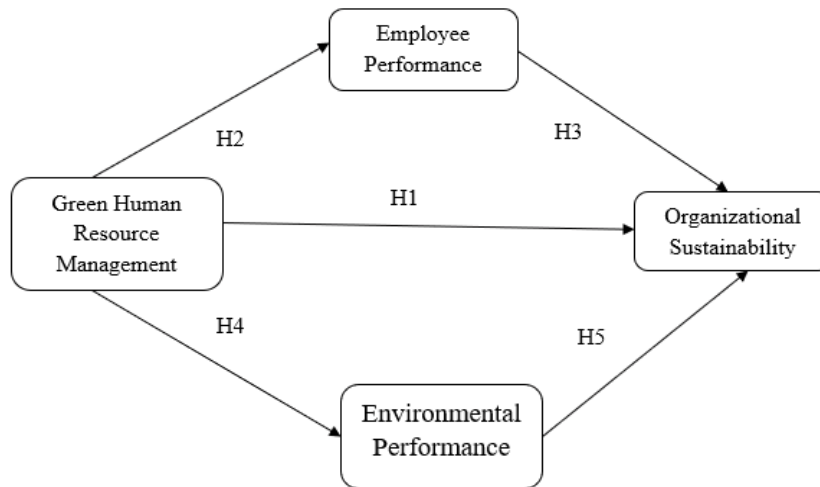


Figure 1. Conceptual Framework

Methodology

The purpose of this research is to examine how green human resource management affects organizational sustainability in Nepal & the mediating effects of employee and environmental performance. The responses were rated on a Likert scale with 1 being "strongly disagree," and 5 being "strongly agree" ranging from 1 to 5. The variables used in green human resource management are derived from (Ercantan & Eyupoglu, 2022), while the variables used in environmental performance are derived from (Amjad et al., 2021). The variable of employee performance is derived from (Bustamam, et al., 2020). And the value of organizational sustainability derived from (Macke & Genari, 2019). Before the data gathering method began, the item objective congruence (IOC) of the questionnaire was tested among three experts to determine its validity. 20 participants from the pilot study were selected as a sample in order to evaluate the questions' validity. The data are gathered from small to medium-sized enterprises with employees in Nepal. Purposive sampling was utilized to collect the sample. And the study's sample size is 217 employees. The study's SEM model is the most recent iteration of Smart PLS, version 4. Structural equation modeling combines measurements and structural models.

Research Results

In the study 42.4% of people are female, compared to 57.6% of male. total percentage of married employees is 68.2% followed by unmarried employees of 31.8%. The employees education is master 43.78% followed by bachelor 32.26%, less than bachelor 19.35% and Ph.D is 4.61%. Employees with years of experience is less than 5 years is 42.4% followed by 6 to 10 years is 38.25%, 11 to 15 years is 12.9%, above 15 years is 6.45%. The small enterprises is 70.05% followed by medium enterprises 29.95%. Employees according to the enterprises is service 33.64% followed by manufacturing 27.65%, tourism 25.35%, agro and forest 9.22%, construction 1.84%, energy 1.38%, information and communication technology 0.92% respectively. The descriptive analysis of the observed variable is shown in table 1.

Table 1 Descriptive Analysis

	Variable	N	Mean	Std. Deviation
Green Human Resource Management	GHRM1	217	4.23	0.812
	GHRM2	217	3.85	0.828
	GHRM3	217	3.88	0.609
	GHRM4	217	3.85	0.780
Environmental Performance	ENVP1	217	3.82	0.805
	ENVP2	217	4.08	0.732
	ENVP3	217	3.23	1.001
	ENVP4	217	2.95	1.170
Employee Performance	EMP1	217	3.76	0.822
	EMP2	217	3.22	1.197
	EMP3	217	3.88	0.597
	EMP4	217	3.73	0.722
Organizational Sustainability	OS1	217	3.89	0.629
	OS2	217	3.89	0.696
	OS3	217	3.82	0.768
	OS4	217	3.60	0.776

1. Measurement model

Latent variables are measured using the measurement model with observable variables (Kang & Ahn, 2021). The Smart PLS was used in this work to assess the measuring model's composite reliability & Cronbach alpha. According to Hair et al. 2021 state that composite reliability ratings above 0.70 are acceptable. Cronbach alpha levels greater than 0.60 are considered to be acceptable, according to Ma et al. (2020). The AVE must be at least 0.50 & the construct must explain a minimum of fifty percent of the variation of the indicators which make up that construct for it to be considered acceptable (Hair et al., 2021). Table 2 displays the reliability test results.

Table 2 Reliability test

	Cronbach's alpha	Composite reliability	Result
Employee performance	0.602	0.768	Accepted
Environmental Performance	0.663	0.855	Accepted
Green Human Resource Management	0.605	0.792	Accepted
Organizational Sustainability	0.727	0.829	Accepted

2. Structural Equation Modeling

The relationships and associations between latent variables make up the structural model (Kang & Ahn, 2021). In this work, the path coefficient values, including beta, t-values, standard deviation, and P-values are illustrated using the structural model. The Effect Size (f^2) & Coefficient of Determination (R^2) are also displayed in the model. The normal range of the route coefficient is almost from -1 to +1. The hypothesis can be accepted when the value of the p-value is less than 0.05 at a threshold of significance of 5% & the t-value is greater than 1.96. (Hair et al., 2021). The testing of hypotheses is displayed in table 3.

Table 3 Hypothesis Testing

	Std Beta	SD	T- value	P- value	Result
Green Human Resource Management -> Organizational Sustainability	0.143	0.069	2.086	0.037	Accept
Green Human Resource Management -> Employee performance	0.438	0.053	8.265	0.000	Accept
Employee performance -> Organizational Sustainability	0.411	0.065	6.346	0.000	Accept
Green Human Resource Management -> Environmental Performance	0.497	0.054	9.208	0.000	Accept
Environmental Performance -> Organizational Sustainability	0.180	0.072	2.510	0.012	Accept
Green Human Resource Management -> Employee performance -> Organizational Sustainability	0.18	0.036	5.032	0.000	Accept
Green Human Resource Management -> Environmental Performance -> Organizational Sustainability	0.089	0.038	2.357	0.018	Accept

In the table 3 shows hypothesis (H1) “There is a significant and positive relationship between green human resource management and organizational sustainability” has (t-value = 2.086, p-value = 0.037) which is accepted. And also, hypothesis (H2) “There is a significant and positive relationship between green human resource management and employee performance” has (t-value = 8.265, p-value = 0.000) which is accepted. Similarly, hypothesis (H3) “There is a significant and positive relationship between employee performance and organizational sustainability” has (t-value = 6.346, p-value = 0.000) which is accepted. Likewise, hypothesis (H4) “There is a significant and positive relationship between green human resource management and environment performance” has (t-value = 9.208, p-value = 0.000) which is accepted. Similarly, hypothesis (H5) “There is a significant and positive relationship between environment performance and organizational sustainability” has (t-value = 2.510, p-value = 0.012) which is

accepted. And, hypothesis (H6) “Employee performance mediates the relationship between green human resource management and organizational sustainability” has (t -value = 5.032, p -value = 0.000) which is accepted. In addition, hypothesis (H7) “Environmental performance mediates the relationship between green human resource management and organizational sustainability” has (t -value = 2.357, p -value = 0.018) which is accepted.

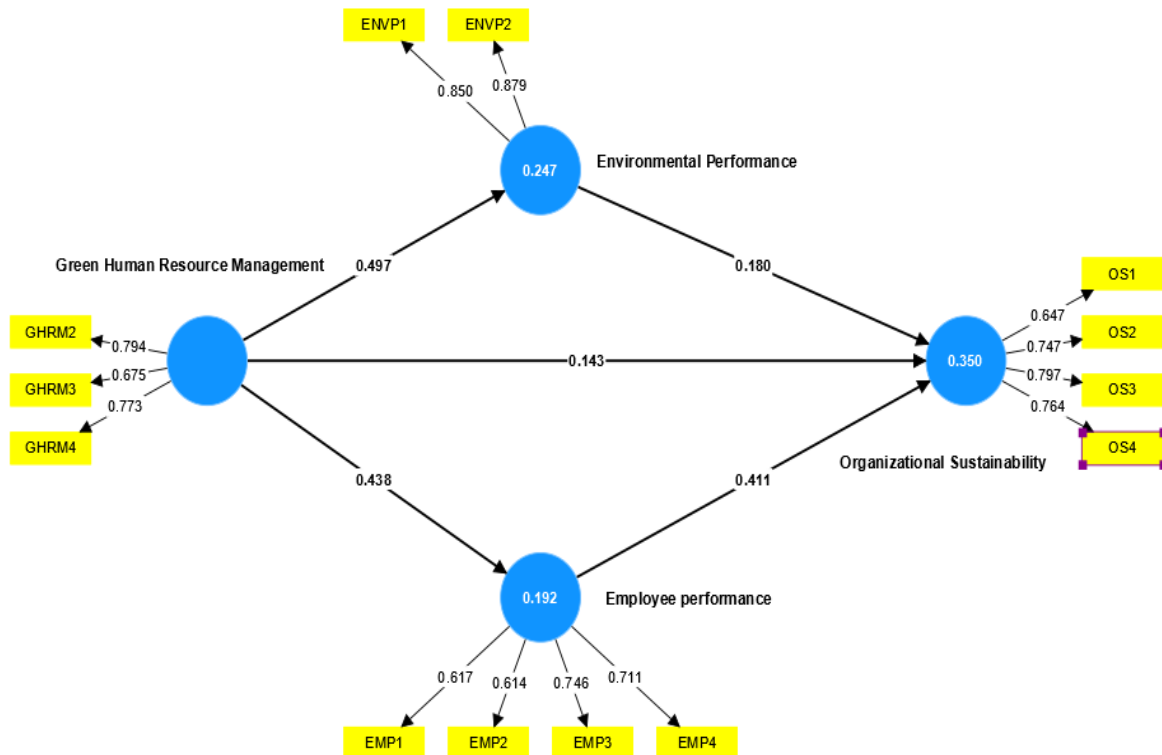


Figure 2. Result of path analysis

3. Coefficient of Determination (R^2)

The coefficient of determination, or R^2 , shows how much variance in an endogenous construct can be explained by its predictor construct. According to Chin (1998) classifies R square values such as 0.67, 0.33, and 0.19 as substantial, moderate, & weak, respectively. According to the study, organizational sustainability is 0.350, environmental performance is 0.247, and employee performance is 0.192 considered as moderate, weak, weak. This shows a 19.2% variance

in employee performance, a 24.7% variance in environmental performance, and a 35.0% variance in organizational sustainability for the independent variable.

4. Effect size (f^2)

The influence of a predictive construct on an endogenous construct is measured by the effect size (f^2) (Hair et al., 2021). According to Cohen (2013), effect sizes between 0.02 and 0.14 have been categorized as small, 0.15 and 0.34 as a medium, and above 0.35 as large effect.

Table 4 Effect size

	Green Human Resource Management	Employee performance	Environmental Performance	Organizational Sustainability
Green Human Resource Management		0.238 (Medium effect)	0.327 (Medium effect)	0.021 (Small effect)
Employee performance				0.205 (Medium effect)
Environmental Performance				0.037 (Small effect)
Organizational Sustainability				

Conclusion

The conclusion is presented according to the objectives which are are presented here below:

1. Objective “To analysis the relationship among green human resource management, organizational sustainability, environmental performance and employee performance”.

The importance of these connections in fostering a successful and sustainable workplace is shown by the investigation of the relationships between green human resource management (GHRM), organizational sustainability, environmental performance, and employee performance. Implementing GHRM practices, such as emphasizing environmental awareness in providing hiring and selection procedures as well as training and development initiatives that promote eco-friendly behavior, can have positive impacts on sustainability of both organizations and the environment. The findings also suggest that companies implementing GHRM techniques observe an improvement in employee performance as a result of staff members feeling valued and engaged at work. The connection between GHRM and organizational sustainability, environmental performance, and employee performance emphasizes how critical it is to adopt environmentally responsible policies in order to create a successful and long-lasting company.

2 Objective “To study the mediating effects of environmental performance between green human resource management and organizational sustainability”.

The study examining the relationship between organizational sustainability (OS), green human resource management (GHRM), and environmental performance offers crucial new insights into how these variables interact. The findings show that GHRM programs, such as those for green hiring, training, and development, have a positive and significant impact on organizational sustainability. Additionally, environmental performance acts as a bridge between GHRM and organizational sustainability, illustrating how some recognize the positive effect from GHRM practices on sustainability are transferred through improved environmental performance. This study emphasizes how important it is to put GHRM principles into practice in order to enhance organizational sustainability overall and environmental performance, which will ultimately lead to a more environmentally friendly and resilient workplace.

3 Objective “To examine the mediating effects of employee performance between green human resource management and organizational sustainability”.

Examining the mediating effects of employee performance on green human resource management (GHRM) and organizational sustainability might shed light on the link between these variables. According to the findings, GHRM practices including environmental-focused hiring, training, and development methods have a positive effect on employee performance. It also demonstrates how increased employee performance helps to mediate the relationship between

GHRM and organizational sustainability and how GHRM's positive benefits on sustainability are partly communicated through it. The importance of employing GHRM strategies to boost employee commitment, engagement, and motivation—which in turn fosters organizational sustainability—is emphasized by this study. Businesses that prioritize GHRM may build a workforce base that is environmentally aware and actively contributes to achieving sustainable goals, which will ultimately lead to long-term success and a positive environmental impact.

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