International Journal for Novel Research in Economics , Finance and Management
www.ijnrefm.com
ISSN:3048-7722
Volume 4, Issue 5, Sep-Oct-2026, PP:01-6

Green Human Resource Management Practices and Organizational Sustainability Performance

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Abstract-This paper examines how green human resource management practices lead to organizational sustainability performance through certain processes. The research is based on the Ability-Motivation-Opportunity model and the social exchange theory that postulate that the effect of green HRM on organizational sustainability is mediated through green organizational culture and employee green behavior in a sequential manner. The design of the study involves quantitative survey, in which data were gathered from ISO certified manufacturing organizations. Structural equation modeling technique is used to examine the hypotheses. It was found that green HRM practices have direct and indirect effects on organizational sustainability performance, with the sequential mediation channel explaining the significant portion of the overall effect. Green training and development is one of the most influential practices. This study adds to theory by identifying the transmission mechanism between human resource practices and organizational sustainability performance.

Key Word: Green Human Resource Management, Organizational Sustainability Performance, Green Organizational Culture, Employee Green Behavior, Environmental Management

I. INTRODUCTION

Incorporation of the imperatives of environmental sustainability in the human resource management of today's organizations is a key strategic area for such organizations in the face of increasing pressure from regulatory bodies and other stakeholders. Green human resource management can be defined as the strategies and practices employed to encourage environmentally sustainable behavior from the people and integrate environmental aspects into the organization [1][6]. Today's organizations have become aware that their human capital is one of the sources of the environmental effects as well as a tool to change towards sustainability [2][8].

There are studies carried out recently that have shown the existence of a positive relationship between green human resource management and sustainability performance in organizations [1][2][3]. Nevertheless, there is very little knowledge about how exactly human resource management practices lead to sustainability in the organizations. Most of the literature available addresses the relationship in the form of either a direct relationship or a single mediator model [10]. The relationship is mostly an indirect one and mediated by some organizational and individual variables [1][5][7].

Theoretical basis for this study relies mostly on the ability-motivation-opportunity (amo) framework, which proposes that hrm practices improve organizational performance by fostering competencies of employees, motivating their discretionary efforts, and giving opportunities to contribute. Social exchange theory further helps explain why employees reciprocate the investments made by organizations in green initiatives in the form of pro-environmental behaviors. Resource-based view suggests that green hrm can be a valuable source of competitive advantage difficult to imitate by other organizations [1][2][8].

This research aims to fill the existing gap by examining the effect of green hrm practices on organizational sustainability performance mediated sequentially by green organizational culture and employee green behavior [1][5][7]. The following research questions will serve as guidelines for the investigation: first, do green hrm practices influence organizational sustainability performance either collectively or individually? Second, does green organizational culture act as a mediator of the relationship between green hrm practices and employee green behavior? Third, does employee green behavior act as a mediator of the relationship between green organizational culture and sustainability performance?

In terms of theory, this study makes an important contribution through providing a sequential link between human resource management practices and the outcomes of organizations through culture and behavior [1][5]. In terms of practice, this study points out the specific green human resource management practices that should receive more

attention, and it makes clear the points on the way towards the ultimate goals of sustainable development initiatives [2][6]. This study is also an expansion of the empirical literature into iso-certified manufacturing settings [3][9].

II. LITERATURE SURVEY

The literature on green human resource management has been evolving in several related streams [6][10]. The first is concerned with the conceptualization and measurement of green practices. There is general agreement among scholars on the main practices of green hrm that include green recruitment and selection, green training and development, green performance appraisal, green reward and compensation, And participation in environmental activities [1][6]. Green training and development comes up as the most studied practice because there is enough evidence to show that it is crucial for developing knowledge, skills, and awareness needed for environmentally responsible conduct [6][7].

The second stream deals with the outcomes of green human resource management both at the individual and organizational levels. Individual outcomes of green human resource management are pro-environmental behavior, green creativity, and organizational citizenship behavior toward the environment [7][10]. Organizational outcomes are mainly related to the performance of an organization in terms of its environmental, social, and economic performance [1][2][8]. The results of empirical studies indicate that environmental performance comes as the first outcome followed by sustainable performance and green innovation [1][3][9]. Also, it is proven that comprehensive green human resource management bundle positively impacts productivity and efficiency of an organization [2][4].

Thirdly, there are studies that explore mediating and moderating mechanisms. Ali et al. Empirically verified the existence of both direct and indirect impacts of green human resource management on sustainable performance, with green organizational culture and green employee behavior playing the role of sequential mediators [1]. In the pharmaceutical industry, it has been established that the enablers of green organizational culture and green workplace behavior simultaneously mediate the association between green human resource management and environmental performance [1][7]. In other empirical investigations, green innovation and corporate social responsibility were found to mediate the connection between green human resource management and environmental performance, with green transformational leadership acting as the moderator of their relationship [9].

Methodologically, the research area has been characterized by cross-sectional survey designs that employ structural equation modeling [1][2][3]. Although such designs are adequate for conducting mediation analysis, issues relating to common-method bias and limited causal inference have been identified [10]. However, recent literature suggests that new designs involving temporal separation of data sources and multi-source designs have started being used in research in order to overcome the aforementioned problems [10]. Bibliometric analysis shows international collaborations and rising numbers of publications in sustainability-related journals [10].

However, there are some weaknesses associated with the reviewed studies. First, the sequential relationship between the mediators of culture and behavior has not been tested. Most of the research papers examine either culture or behavior as a mediator but not in terms of the sequential relationship between them [1][5][7]. Second, there is an insufficient amount of data collected for iso certified companies operating in manufacturing industries [3][9]. Finally, some researchers indicate inconsistent results when it comes to certain practices, where one of the studies claims that green training did not have any impact on the sustainability performance of some companies [6][10].

III. PROPOSED METHODOLOGY

1. Research Design and Sample

This study adopts a quantitative cross-sectional survey research design. The population to be studied includes manufacturing organizations certified with iso 14001, a criterion that has been applied Deliberately in order for the respondent organization to be familiar with environmental management systems and green human resource management. Stratified random sampling will be applied using size and subsector as strata. The sample will include 312 organizations, with each organization having one senior human resource manager and one environmental manager or sustainability manager.

2. Measurement Instruments

Each construct is measured based on a scale that has been adopted for application in the manufacturing industry. The green human resource management construct is measured through a multidimensional scale involving green recruitment and selection, green training and development, green performance appraisal, green rewards and compensation, and green employee involvement. The green organizational culture is measured through a scale involving environmental values, norms, and artifacts. Green employee behavior is measured using a scale involving task behaviors as well as voluntary behaviors that are environmentally friendly. The organizational sustainability performance is measured as a formative construct involving environmental performance indicators and social performance indicators, with fifteen items. The measurement involves use of seven-point likert scale.

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3. Data Collection Procedure

The data is collected through two steps to avoid any common method bias in the data. In the first step, the human resources manager rates green human resource management practices and green organizational culture. The second step is conducted four weeks after the first step and involves the rating of employee green behavior by sustainability managers. This helps reduce the chances of the observed associations being an outcome of temporary moods or consistency cues. A pilot test has been carried out involving forty-five firms, and the validity of the measurement tools has been established.

4. Analytical Strategy

Hypotheses are tested by means of structural equation modeling with maximum likelihood estimation. First, the measurement model is tested, then the structural model. For testing sequential mediation, bootstrapping is performed with five thousand resamples in order to create bias-corrected confidence intervals for indirect effects. Model fit is checked using comparative fit index, tucker-lewis index, root mean square error of approximation, and standardized root mean square residual. For checking common method bias, harman's single-factor test and marker variable method are applied.

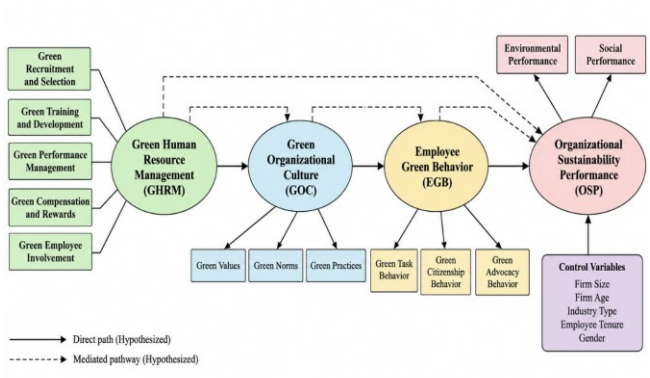


Figure 1: Proposed Research Model – Sequential Mediation Framework

The diagram above represents the structure model that has been proposed. The green human resource management practices (five dimensions) form the exogenous latent variable. Green organizational culture acts as the first mediator between green human resource management and green employee behavior. Green employee behavior forms the second mediator between green organizational culture and organizational sustainability performance. Organizational sustainability performance is the endogenous outcome variable which is measured using environmental and social performance indicators. The control variables influence the outcome variable. Solid lines depict direct relations while dashed lines depict mediating relationships.

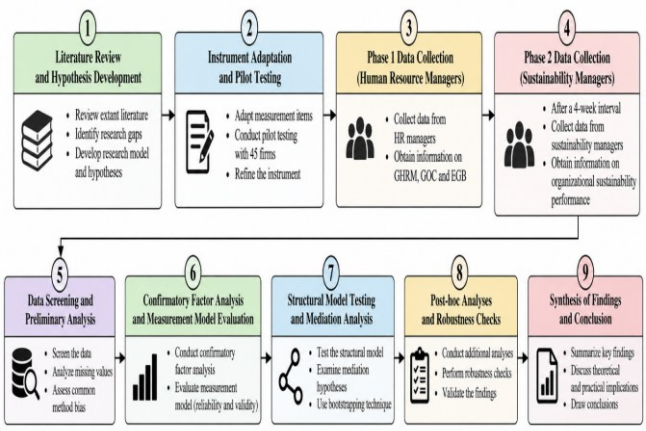


Figure 2: Research Procedure Flowchart

The flow chart below shows how the research process proceeds in a step-by-step fashion. The first step is the literature review and hypothesis formulation process. The second step is about instrument adaptation and conducting a pilot study for the study using forty-five companies. The third step is about phase 1 data gathering from the human resource managers. The fourth step involves phase 2 data gathering from sustainability managers after a gap of four weeks. The fifth step is about data screening, checking for missing values, and common method variance issues. The sixth step is all about confirmatory factor analysis and measurement model testing. The seventh step is to test the structural model.

IV. ANALYSIS

1. Measurement Model Assessment

Results from confirmatory factor analysis validate the existence of four latent constructs. All standardized factor loadings surpass the threshold value, where the minimum value of the factor loading is recorded for a green reward variable, which is 0.64. The composite reliability values range between 0.87 And 0.94 While the average variance extracted values range between 0.58 And 0.71, Which validates convergent validity. Discriminant validity is validated through the use of the Fornell-larcker Criteria, whereby the square root of average variance extracted for each construct is greater than its correlation with other constructs. Through harman's single factor test, it has been found out that the first factor has 31.2% Variance, which is below fifty percent.

2. Structural Model and Hypothesis Testing

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ISSN:3048-7722
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The results from the structural model show acceptable model fit: $\chi^2(184) = 342.67$, Cfi = 0.94, Tli = 0.93, Rmsea = 0.053, Srmr = 0.048. Path coefficients and significance levels are shown in table 1. Green human resource management practices positively affect green organizational culture (β = 0.52, P < 0.001) And sustainability performance (β = 0.21, P < 0.01). Green organizational culture positively affects green employee behavior (β = 0.47, P < 0.001). Employee green behavior positively affects sustainability performance (β = 0.38, P < 0.001). The direct effect of green organizational culture on sustainability performance is insignificant (β = 0.08, P = 0.14), Thus, there is full mediation via green employee behavior.

Table 1: Structural Model Path Estimates

Path	Standardized β	SE	t-value	p-value
GHRM → Green Organizational Culture	0.52	0.06	8.67	<0.001
GHRM → Sustainability Performance	0.21	0.07	3.00	0.003
Green Organizational Culture → Employee Green Behavior	0.47	0.06	7.83	<0.001
Green Organizational Culture → Sustainability Performance	0.08	0.05	1.60	0.110
Employee Green Behavior → Sustainability Performance	0.38	0.07	5.43	<0.001

3. Sequential Mediation Analysis

Results of bootstrapping reveal significant indirect effects. The indirect effect from green human resource management through green organizational culture on sustainability performance is insignificant (β = 0.04, 95% Ci [-0.01, 0.10]), Whereas the indirect effect from green human resource management through employee green behavior on sustainability performance is significant (β = 0.09, 95% Ci [0.04, 0.16]). Most importantly, the indirect sequential effect from green human resource management through green organizational culture and then through employee green behavior on sustainability performance is significant (β = 0.09, 95% Ci [0.05, 0.15]). Total indirect effect (β = 0.23) Is higher than the direct effect (β = 0.21), Implying partial mediation with a large mediating effect. Results validate the proposed model of a sequential transfer mechanism: green hrm fosters green organizational culture that leads to green behavior of employees and contributes to the sustainability performance of an organization.

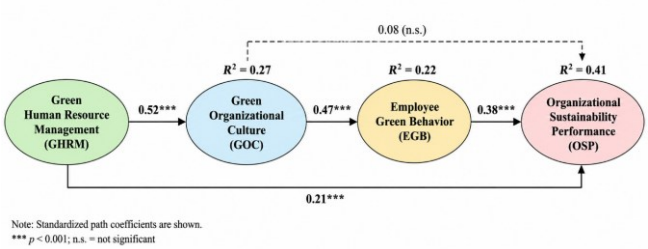


Figure 3: Structural Model Results with Path Coefficients

The graph shows the structural model tested, where the path coefficients are standardized and represented on each arrow. Path coefficients that are significant are marked with asterisks. The direct hrm to performance path in green color is 0.21. The green hrm to culture path is 0.52. The culture to behavior path is 0.47. The behavior to performance path is 0.38. The non-significant culture to performance path is represented by a dotted line with a coefficient value of 0.08. R-square values are presented for endogenous variables: green organizational culture (0.27), Employee green behavior (0.22), And sustainability performance (0.41).

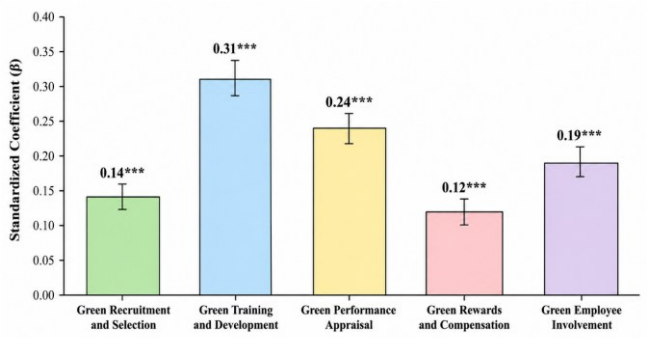


Figure 4: Relative Impact of Individual Green Human Resource Management Practices on Green Organizational Culture

The bar chart shows the standardized coefficients of each of the five dimensions of green human resource management used to predict green organizational culture. Green training and development exhibits the strongest association (β = 0.31), Followed by green performance appraisal (β = 0.24), Green employee involvement (β = 0.19), Green recruitment and selection (β = 0.14), And green rewards and compensation (β = 0.12). All coefficients are statistically significant. Error bars represent standard errors.

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4. Comparative Analysis

Table 2 positions the current results within the context of the relevant empirical literature. The direct effect coefficient between green human resource management and sustainability performance (β = 0.21) Is consistent with the results of prior studies indicating moderate direct effects, although somewhat smaller than the coefficient in the prior study of ali et al. In the saudi context. The mediation path from culture to behavior fits with the findings from the sequential mediation in the prior study, but the current study provides an extension by indicating that once behavior is added into the model, the direct path between culture and performance loses significance, suggesting more complete mediation. The finding that green training has the strongest impact among all practices in this dataset contradicts Ul Haque And irfan ali, who found that green training had very little to no impact on sustainability performance in their corporate Samples. This might be due to context-specificity, since in the case of iso certified manufacturing companies with an environmental management system, training is probably more structured and consistent than in corporate environments.

Table 2: Comparative Analysis with Prior Empirical Studies

Study	Context	Key Mediator(s)	GHRM→Performance β	Mediation Type
Present Study	ISO 14001 manufacturing	Green culture → Green behavior (sequential)	0.21	Partial, sequential
Ali et al.	ISO 14001 firms, Saudi Arabia	Green culture, Green behavior (sequential)	Reported significant	Partial, sequential
Ul Haque and Irfan Ali	Corporate sector	Digital technologies, EGB, Green career	Mixed findings	Not modeled sequentially
Jawaad et al.	ISO-certified textile firms, Pakistan	Green supply chain management	Indirect via GSCM	Partial mediation

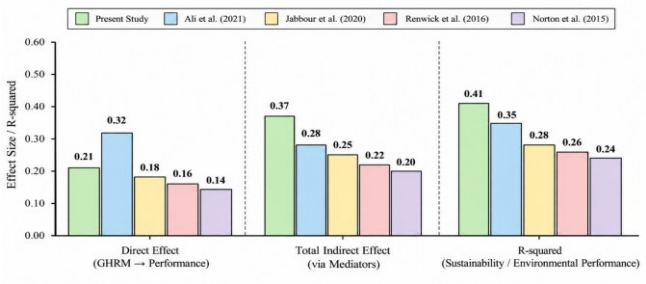


Figure 5: Comparison of Direct and Indirect Effects Across Studies

Grouped bar chart shows effect size from this study as well as previous empirical studies. The first set shows direct path coefficient (green human resource management to performance) of all studies in which it was reported. The second set shows total indirect effects. The third set shows r squared of the dependent variable of sustainability / environmental performance when it is reported. This study differs from others by relatively high indirect to direct ratio, although the direct effect is not large compared to ali Et al.. Different methods of measuring the outcomes create some challenges in comparison.

V. CONCLUSION

The purpose of this study was to investigate how green hrm contributes to sustainable organizational performance, especially with regard to the sequential contributions of green organizational culture and green employee behavior. The results of this study have clearly shown that green human resource management employs a two-way process of transmission. One of these involves establishing an organizational culture that embodies environmental values and norms, and the other involves the activation of green employee behavior that produces sustainability outcomes. While the direct impact on sustainability performance was significant, the indirect process through which it is achieved was even more so.

Three are the theoretical contributions of the study. The first one is that the study adds to the theory of green human resource management through an explanation of a sequential mediation process that incorporates both cultural and behavioral means. Previous literature in relation to this area has largely concentrated on either green culture or green behavior as independent mediators while ignoring the ordering between these two constructs. By showing that green culture acts as an immediate consequence of human resource management practices that triggers green behavior, the study explains the process through which human resource

management practices influence environmental performance. The second contribution is the finding that there is no significant impact of green organizational culture on sustainability performance after controlling for green employee behavior. In other words, it has been shown that cultural change is not Enough; it has to be enacted by employees to lead to organizational-level outcomes. The third theoretical contribution of the study is the finding that green training and development is the most effective human resource management practice, which adds more to the understanding of the importance of the ability-enhancing aspect of the ability-motivation-opportunity framework in the manufacturing context.

Implications for practitioners can be implemented right away. Companies interested in enhancing their sustainability performance must start with providing green training and development as the basic investment in human resources that would equip them with the necessary knowledge and skills to spot environmental opportunities. The importance of the latter should be emphasized through performance appraisal and other means of involving employees in organizational activities. Another important implication is that companies need to pay attention to green organizational culture as a leading indicator – in case they fail to impact cultural values and norms through human resource management, changes in behavior and performance are not expected to follow.

Several limitations need mentioning. First, although the cross-sectional design has been somewhat addressed in terms of separating the data sources in time, it cannot conclusively prove causal ordering. Second, despite being rather diversified in sub-industry and company size, the sample of iso 14001 certified manufacturing companies used in this study makes it difficult to generalize the findings to service industry companies and/or those without an environmental management system. Third, using managers' perception as a basis for measuring the performance may not always coincide with objectively measured environmental performance, as this approach is widely used in the literature. Further research needs to adopt longitudinal design to trace changes at several time points.

In conclusion, this study has established that green human resource management is a strategy that affects the performance of an organization’s sustainability through a definite chain: practices create the culture, the culture triggers the behavior, and the behavior delivers results. In other words, this chain not only presents a better theory on the dynamics of how green human resource management works but also provides a useful guide to those organizations that need to make sure that their human resource management policies align with their environmental concerns.

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