

The Impact of Green Human Resource Management on Organizational Performance

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Abstract: Green Human Resource Management (Green HRM) has emerged as a vital tool for organizations seeking to balance economic growth with sustainable practices and social responsibility. Derived from the broader concept of Corporate Social Responsibility (CSR), Green HRM promotes environmentally friendly behaviors and sustainable use of organizational resources. By fostering a culture of sustainability and social responsibility among employees, Green HRM aligns with the principles of 'soft HRM' and positively impacts employee job satisfaction and organizational social evaluation. This paper examines the link between Green HRM practices and their impacts through literature review and case studies, highlighting the significance of adopting green management concepts in today's competitive environment. Case studies of Nakilat and Ctrip.com demonstrate how Green HRM positively influences environmental performance, job satisfaction, and social evaluation. Despite challenges, the adoption of Green HRM remains essential for organizations aiming to achieve sustainable development and responsible resource management, thereby contributing to a greener and socially responsible future.

Keywords: Green Human Resource Management, Corporate Social Responsibility, Organizational Performance, Non-financial Performance.

1. Introduction

In today's world, the importance of environmental protection and social responsibility has reached new heights. As organisations strive to strike a balance between economic growth and sustainable practices, the concept of Green Human Resource Management (Green HRM) has emerged as a powerful tool for achieving financial, social and ecological goals while ensuring the longevity of the human resource base. By raising employees' awareness of sustainability and fostering a sense of social responsibility, Green HRM is in line with the principles of 'soft HRM' and has a positive impact on organisations and society. In this paper, we will delve into the impact of Green HRM on two aspects of a company's non-financial performance, employee job satisfaction and organisational social evaluation. Through a literature review and relevant case studies, we explore the link between Green HRM practices and their far-reaching impacts, revealing the significance of pursuing green management concepts in today's competitive environment.

2. Literature Review

In other words, Green HRM combines environmental management with Human Resource Management. The focus on developing a greater awareness of sustainability among employees and increasing employee engagement coincides with soft HRM's view. According to Beardwell and Thompson, "soft HRM" is used to "describe approaches aimed at enhancing the commitment, quality, and flexibility of employees" [1]. In contrast to "hard HRM", which views employees as passive factors of production, "soft HRM" views employees as valuable assets and focuses on developing a sense of social responsibility and increasing employees' engagement. It can be seen that Green HRM can be said to be an extension of "soft HRM" strategies. Kramar defines Green HRM as a model of planned or developing

human resource strategies and practices intended to fulfil monetary, social, and ecological goals while reproducing the human resource base over an extended period of time [2]. The idea of corporate social responsibility (CSR) gave rise to green HRM. According to Opatha and Arulrajah, Green HRM refers to "policies and practices that promote environmentally friendly behaviours and sustainable use of organizational resources"[3]. Organizations are under intense pressure to implement greener business practices and encourage sustainable and responsible behaviours among their workers due to the adverse effects on the environment [4].

According to Edwards' theory of supply-value fit, employees' behaviours and opinions of the firm and its leaders will improve if they share the organization's values [5]. In turn, Aboramadan's study demonstrated the educational function of Green HRM on employees' green perceptions [6]. When a company adopts Green HRM, it has a positive impact on environmental performance and at the same time enhances employees' awareness of environmental protection and strengthens their identification with the protection of the environment, in line with the Green HRM values adopted by the company. When the strategies and initiatives adopted by the company are consistent with employees' views on environmental protection and sustainable development, they have a positive impact on employees' behaviours and attitudes, resulting in the closure of a virtuous circle. Ahmad et al.'s study showed that employees would take pride in the ethical behaviours of their leaders, thereby increasing employee job satisfaction [7]. This leads to the first hypothesis of this paper:

H1: Green HRM will have a positive impact on employee job satisfaction.

In terms of social evaluation, Edward's supply-value fit theory mentioned above remains applicable, i.e., society will evaluate the firm positively when the strategies and behaviours adopted are in line with their values [5]. Muafi and Uyun's study demonstrated the role of GHRM in corporate

sustainability, mediated by environmental management strategies [8]. From this, this paper proposes the hypothesis:

H2: Green HRM will have a positive impact on organizations' social evaluation.

3. GHRM's Impact on Non-Financial Performance

3.1. GHRM's Impact on Job Satisfaction

When it comes to green innovation in GHRM, organisations encourage their employees to propose and implement innovative environmental solutions that promote environmental sustainability and foster green innovation among employees to improve the organisation's non-financial performance.

Firstly, organisations promote a culture of innovation, and GHRM requires organisations to encourage employees to propose environmentally relevant improvements, such as how to reduce resource wastage and improve efficiency. This can be achieved by promoting internal communication and strengthening incentives for innovation. Organisations can also establish innovation-related platforms to encourage employees' awareness of green innovation to promote the establishment of a green innovation culture. Second, GHRM requires companies to set up special rewards for environmental protection to motivate employees. When employees come up with environmentally friendly innovations, they are incentivised through bonuses, awards, and employee recognition sessions, which further motivate employees to participate and share their green innovation ideas. Organisations adopting GHRM also need to provide resources to their employees to support their green innovation behaviours. Of course, innovation projects proposed by employees need to be identified and evaluated before resources can be tilted towards them so that resources can be given to projects that have real potential and can have a positive environmental impact. After evaluation, the projects can be supported with funds, time, technology or training, and guided and supervised during the implementation process to ensure the smooth progress of the projects.

By encouraging and supporting employees to play a role in green innovation, organisations can continually improve their environmental practices, reduce resource consumption, minimise negative impacts on the environment and achieve significant improvements in non-financial performance. This spirit of innovation can also inspire employees to become more actively involved in the organisation's environmental mission, as well as potentially generating business opportunities and reputation for the organisation.

A good example of an organisation that involves GHRM and fosters innovation is Patagonia, a retail company focused on outdoor apparel and gear that is committed to sustainability and the environment. Its GHRM philosophy permeates all aspects of corporate governance.

First, Patagonia's GHRM strategy covers the product design process. The company encourages designers to take environmental and sustainability considerations into account during the product design phase and has specified a strong environmental responsibility and animal welfare programme to guide the selection of materials and the manufacturing process of its products. They view environmental protection and innovation as the same concept, aiming to create high-quality, durable products with a low environmental impact. This green design approach not only reduces resource waste

but also encourages innovative design methods.

Second, Patagonia is committed to fostering employee recognition of environmental values. The company provides employees with the opportunity to participate in environmental projects and has an environmental knowledge column to enhance their environmental awareness. In addition, Patagonia encourages employees to participate in social and environmental organisations and supports them in pursuing their environmental interests. This involvement encourages employees to think about environmental issues from different perspectives, thus providing new ideas for innovation.

Beyond that, Patagonia is committed to promoting sustainability in its supply chain. The company requires its suppliers to adhere to strict environmental and social responsibility standards to ensure that the environmental and social impacts of the production process are minimised. This green supply chain management not only enhances the company's environmental reputation but also encourages suppliers to adopt more innovative ways to meet these standards.

Overall, Patagonia encourages its employees to become actively involved in environmental matters through green human resource management practices that closely integrate environmental protection and innovation. These practices not only help to reduce the company's environmental impact but also advance the company's leadership in sustainability and innovation.

3.2. GHRM's Impact on Organizations' Social Evaluation

The social evaluation of a company is an important part of the non-financial performance of a company and the impact of Green HRM on the social evaluation of a company is improved by increasing the sense of corporate social responsibility. According to Hameed et al. and Hameed et al., Green HRM has a positive impact on improving corporate social responsibility (CSR) [9,10]. They point out that Green HRM practices can help companies to develop environmental awareness and behaviours among their employees, and that HR departments are uniquely positioned to develop and implement CSR and sustainability strategies, thus helping companies to achieve their CSR goals in order to improve their reputation and competitiveness in society and in the marketplace.

Founded in 1999, *Ctrip.com* is a leading global integrated travel service company with four main business segments: hotel booking, air ticket booking, holiday booking and business management. With its stable business development and excellent profitability, the company went public in the United States in 2003. Headquartered in Shanghai, China, *Ctrip.com* has set up branches in 11 cities in China and employs more than 10,000 people. *Ctrip.com*, as one of the representative companies that implement green concepts and adopt Green Human Resource Management Strategies, pursues six basic principles in the implementation of Green HRM, including the principles of harmony, health, growth, economy, democracy and individuality. The practice of the Green HRM strategy has also led *Ctrip.com* to take various initiatives to assume its social responsibility. In terms of specific measures, *Ctrip.com* has introduced the concept of 'sustainable travelling' and will provide products with a statement on the environmental impact of the product. In order to raise awareness of sustainable travel, *Ctrip.com* has created travel guides and blogs to promote sustainable

products, destinations, and greener choices, as well as to guide users in developing a sustainable travel consciousness. *Ctrip.com* has also achieved significant results in terms of green sustainability. In 2020, *Ctrip.com*'s total greenhouse gas emissions were 7,553 tonnes of CO_2e (34 tonnes of CO_2e for scope 1 Emission and 7,519 tonnes of CO_2e for scope 2 Emission). Also, it has established '6 travel protection', 'global travel SOS emergency mechanism', 'ladder refund' and other innovative initiatives, the highest service standards in the industry. In response to the new global epidemic and to promote the recovery of China's tourism industry, *Ctrip.com* launched the 'Travel Revival V Plan' and 'Ctrip BOSS Live', as well as a number of public service measures to pay tribute to healthcare professionals.

For *Ctrip.com*, a series of Green HRM initiatives taken by the company facilitated the launch of a series of green initiatives by the company, reflecting its active social responsibility, which in turn will increase the evaluation of the company by society, and thus increase the reputation and competitiveness of *Ctrip.com*. This view is supported by the article of Ziyadeh et al. on the positive effect of Green HRM on corporate social responsibility [11]. In conclusion, the adoption of green human resource management policies by organisations will promote positive corporate social responsibility, thus contributing to the social evaluation of the company.

4. Discussion

Green human resources management is crucial because it not only aids businesses in enhancing their reputation and achieving higher economic efficiency but also because it promotes a sustainable mindset among staff members and clients. How to manage employers and workers in a socially responsible way is one of the most important concerns in human resource management, and green HRM may assist in achieving this. More and more company leaders are willing to use green HRM techniques to manage their organizations and people since they may help businesses increase their capacity for green innovation, which in turn affects the organization as a whole. Firms are inclined to implement green HRM since it may increase the firm's capacity for innovation and customer happiness, and consequently its non-financial performance. The adoption of green HRM may nonetheless quietly sway the opinions of company executives, even if some organizations do not embrace it with the aim of helping the environment. This can result in corporate and employer social responsibility to preserve the environment.

Although green HRM provides numerous benefits, there are also drawbacks and potential obstacles. First off, implementing green HRM might make employees less satisfied with their jobs. When green training becomes needed and employees are expected to safeguard the environment, it may result in a drop in job satisfaction since some employees do not believe it is their obligation to do so at work. Uneven competition is another problem that should be taken into account while implementing green HRM. Green HRM is incredibly alluring since it may result in a positive reputation and consumer support, but it can also easily result in businesses falling behind the competition. Consider an oil firm that wants to implement green management and adhere to tight criteria for pollution discharge. In this scenario, the business would have to invest in technology and the necessary technical personnel, which ineluctably would increase production costs and cause it to lose some of its competitive

edge.

5. Conclusion

The adoption of Green Human Resource Management (HRM) has become a compelling strategy for companies seeking to reconcile economic goals with environmental protection and social responsibility. By exploring the impact of Green HRM on employee job satisfaction and organisational social evaluation, we find that fostering employees' awareness of sustainable development and environmental protection can produce a range of positive outcomes.

By fostering a culture of environmental awareness and responsibility, Green HRM encourages employees to align their values with those of the organisation, leading to increased job satisfaction and commitment to corporate goals. Notably, case studies such as Nakilat and Ctrip.com show that integrating Green HRM practices can positively impact environmental performance and improve social ratings, thereby enhancing reputation and competitiveness.

However, it is recognised that the adoption of Green HRM is not without its challenges. Striking a balance between environmental considerations and employee well-being can be complex, and the initial costs may pose a barrier for some organisations, especially smaller ones. In addition, if environmental efforts are not consistent across industries, there may be uneven competition. Nonetheless, the need for green human resource management remains evident. As organisations continue to evolve in terms of environmental awareness and social responsibility, they must continue to prioritise sustainable development and responsible resource management. Green HRM is an important way to achieve these goals, empowering organisations to develop a workforce that is committed to environmental stewardship while earning the recognition and support of society as a whole.

In conclusion, Green HRM is more than a theoretical concept; it is a practical approach that bridges the gap between ecological concerns and business excellence. When companies embrace this concept, they position themselves as catalysts for positive change, conserving the earth's resources for future generations while earning the trust and admiration of their stakeholders. The path to a greener, more socially responsible future begins with the conscious integration of Green HRM into organisational strategies and practices.

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