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Improving a company's environmental performance for long-term sustainability via green HRM and cultural enablers

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Abstract

Green human resource management (GHRM) methods have been proved to improve an organization's environmental performance. There is a gap in the literature about the impact of GHRM activities on environmental performance and sustainable growth of businesses, as well as the mechanisms via which such a culture might be enabled. In this research, we investigate how a company's environmental performance is linked to GHRM practices, which are key facilitators of a green organizational culture. We polled a large sample size of 204 workers in Chinese factories. Our research suggests that HRM activities that are friendly to the environment, such as recruiting, training, performance reviews, and incentives, can foster the conditions necessary for a green organizational culture to flourish. We propose that leadership's focus, message credibility, peer participation, and employee empowerment are the main facilitators of a green organization's culture. Our work makes a novel and practical contribution to the field of human resource management by showing how the facilitators of green organizational culture moderate the connection between GHRM practices and environmental performance. The GHRM principles that are essential to fostering an eco-conscious company culture are explained in depth to managers. We conclude by discussing the work's possible implications for fostering future generations of ethical leaders with an understanding of green organizational culture.

KEYWORDS : environmental performance, green human resource management, green organisational culture, sustainable development

1 | INTRODUCTION

Green human resource management (GRHM) practices offer a practical way for organisations to develop human capital that can enhance the environmental performance (EP) and sustainable development of the firm (Jaramillo, Sossa, & Mendoza, 2018; Siebenhüner & Arnold, 2007; Wolf, 2013; Wong, Wong, & Boon-itt, 2018). GHRM refers to the HRM aspects of environmental management (Renwick, Redman, & Maguire, 2013 p. 1) and is defined as HRM activities that have positive environmental outcomes (Kramar, 2014 p. 1075). GHRM practices can be categorised into three primary activities: developing green employee abilities, motivating green employees, and providing green opportunities (Renwick et al., 2013).

Developing an employee's green abilities involves integrating positive environmental thinking into the firm using human resource (HR) activities such as recruitment, selection, training, and leadership development (Pellegrini, Rizzi, & Frey, 2018). Once recruited and trained, employees remain motivated through performance measurement and reward systems that are focused on providing opportunities for EP improvement (Attaianesi, 2012; Renwick et al., 2013). Several scholars have investigated the relationships between GHRM practices and a firm's EP (Jabbour & de Sousa Jabbour, 2016; Jabbour & Santos, 2008; Renwick et al., 2013). These scholars find that GHRM practices positively influence a firm's EP through activities such as waste reduction and organisational efficiency (Jabbour, 2015). Overall, GHRM practices can enhance employees' green behaviour to voluntarily improve a firm's performance (Kim, Kim, Han, Jackson, & Ployhart, 2014; Pham, Tučková, & Jabbour, 2019).

Yet, although the link between GRHM practices and EP is well established, we suggest that any study of how environmentally conscious employees implement green initiatives, without a consideration of organisational culture, is incomplete. Indeed, recent studies have highlighted the lack of research on the relationship between organisational culture and a firm's EP (Dubey et al., 2017; Jackson, Renwick, Jabbour, & Muller-Carmen, 2011; Jackson, Schuler, & Jiang, 2014; Renwick et al., 2013). Daily, Bishop, and Massoud (2012) stress that the mediating role that organisational culture has on the relationship between GHRM and firm performance is underresearched (Daily et al., 2012). Aligned with this, Jackson et al. (2011) affirm that the interaction between GHRM and green organisational culture is one of the most relevant topics for investigation by today's scholars. To address these gaps, this paper aims to answer the following research question: How do GHRM practices and the enablers of green organisational culture (EGC) affect the EP of the firm?

We answer this question by first building a hypothetical model that proposes a relationship between GHRM

practices, the EGC, and EP. To test our model, we gather data from a large-scale survey of Chinese manufacturing firms. China's manufacturing industry is well suited to a study of EP because this sector has a notoriously poor environmental record and is under increasing pressure from the Chinese government to lower harmful emissions (Li & Zhang, 2014). We then provide a justification for the research design and explain how the hypotheses were tested. Section 4 presents an analysis of the results, and Section 5 discusses the study's key findings. The paper concludes by outlining the study's contribution to theory and practices as well as some potentially fruitful avenues for future research.

This study extends our knowledge of GHRM and organisational culture because its findings have implications for both theory and practice. First, the paper fulfils the two necessary elements of theory contribution, originality and utility. According to Corley and Gioia (2011), research has theory contribution when it is considered original and useful for improving organisational issues. This research is original because it adds empirical evidence of the relation between GHRM and organisational culture. Previously published works have only addressed this relation in a conceptual fashion (Daily & Huang, 2001; Jabbour & Santos, 2008; Jackson et al., 2011), without an in-depth consideration of the key EGC. Finally, this research fulfils these second criteria for theory contribution (Corley & Gioia, 2011) due to its discovery of how managers can help improve their firm's green organisational culture by paying attention to four key EGC including leadership emphasis, message credibility, peer involvement, and employee empowerment. We believe that the originality and utility of this research can also be useful for teaching green organisational culture with a richer level of details and understanding on key EGC, which can contribute to teaching future generations of responsible managers (Marcus & Fremeth, 2009; Peoples, 2009).

LITERATURE REVIEW AND HYPOTHETICAL MODEL

1.1 | GHRM and EP

Numerous studies have investigated how proenvironmental HRM activities improve the EP of the firm (Arda, Bayraktar, & Tatoglu, 2018; Daily et al., 2012; Jabbour & Santos, 2008). EP is defined as the commitment of firms to protect the environment and to demonstrate measurable operational parameters that are within the prescribed limits of environmental care (Paillé, Chen, Boiral, & Jin, 2014). A comprehensive measure of EP is provided by Montabon, Sroufe, and Narasimhan (2007), which includes incident reduction, continuous improvement, recycling performance, stakeholder perception, independent audits, waste reduction, resource consumption, and cost savings. HR managers play an essential role in achieving these EP objectives through the recruitment, training, appraisal, and incentivisation of an environmentally conscious workforce (Harvey, Williams, & Probert, 2013; Jabbour & Santos, 2008; Renwick et al., 2013).

Many HR managers actively promote their company's environmental credentials to recruit job seekers that are in search of organisations that reflect their values and beliefs (Renwick et al., 2013). University students in particular are entering the job market in search of organisations with proenvironmental images (Backhaus, Stone, & Heiner, 2002). Some HR managers are embedding environmental awareness criteria in job descriptions and interview protocols to ensure future employees are willing to strive for the achievement of the company's environmental objectives (Renwick et al., 2013).

HR managers also play an important role in training employees on the environmental priorities of the firm (Bansal & Roth, 2000; Daily et al., 2012; Daily & Huang, 2001). Training staff about the ecological impact of organisational activities is said to heighten employee concern about environmental issues (Bansal & Roth, 2000). Often, the aim of training is to develop the green abilities of staff so they are focused on reducing activities that generate unnecessary pollution and waste (Simpson & Samson, 2010). As many employees will be working in operational positions, they are well placed to identify and eliminate the processes that generate waste and harmful effluents (Renwick et al., 2013). A training programme centred on environmental awareness increases employee skills in eradicating process and material waste and enhances their emotional involvement in improving the EP of the firm (Fernández, Junquera, & Ordiz, 2003).

HR managers not only train operational employees but also oversee management and leadership development programs. The HR function plays an important role in selecting and promoting environmentally aware candidates into leadership positions (Egri & Herman, 2000). Leaders in environmentally focused organisations frequently need to perform both transformational and transactional managerial roles (Egri & Herman, 2000). This means that HR managers need to recruit and retain leaders with the ability to quickly switch between strategic and operational decision-making activities (Egri & Herman, 2000). Once in positions of authority, leaders will champion ecologically focused initiatives that are focused on enhancing the EP of the firm (Bansal & Roth, 2000).

HR managers also play a key role in evaluating employee performance based on the achievement of environmental objectives. HR managers can develop and implement companywide proenvironmental performance indicators and evaluation systems (Marcus & Fremeth, 2009). During performance appraisals, HR managers can discuss with employees whether they have achieved their environmental objectives and any ideas for waste reduction and performance improvements they may have (Renwick et al., 2013).

Although employees are often motivated by doing less environmental harm, their behaviour can be further

influenced through pay and incentive systems (Cordeiro & Sarkis, 2008; Marshall, Cordano, & Silverman, 2005). Studies have shown a link between executive compensation and the EP of the firm (Berrone & Gomez-Meija, 2009; Cordeiro & Sarkis, 2008; Stanwick & Stanwick, 2001). In a study of 207 firms, Cordeiro and Sarkis (2008) found that companies with an explicit link between chief executive officer compensation levels and the achievement of environmental objectives had higher levels of EP than those without. Similarly, Fernández, Junquera, and Ordiz (2003) found that companies that had senior managers working with remuneration contingent upon delivering environmental objectives had higher EP compared with companies with fixed salaries.

A review of the GHRM literature makes it clear that activities such as recruitment, retention, appraisal, and incentivisation positively influence the EP of the firm. We therefore propose the following:

H1. *GHRM activities positively influence a firm's EP.*

Yet, although the connection between GHRM practices and EP is well known, we suggest that organisational culture is a key missing link in this relationship.

1.2 | GHRM and green organisational culture

Organisational culture encompasses the values, beliefs, and behaviours of organisational employees (Schein, 1992). Values correspond to what individuals think can be done and relate to moral and ethical codes (Holt & Stewart, 2000). Beliefs refer to individuals' perceptions that can be regarded as either true or false (ibid). Behaviours are the pattern of activities carried out by individuals based on their values and beliefs (Schein, 1992). Values, beliefs, and behaviours become embodied in an ideology or organisational philosophy, which serves as a guide to dealing with the uncertainty of uncontrollable or difficult events that occur in organisational life (Schein, 1992). The ideologies of the organisation manifest in the behaviours of individual employees and, over time, these behaviours form into habits that are embedded in the day-to-day running of the company, thereby shaping an organisation's culture (Schein, 1992).

An organisation's culture can be considered "green" when employees go beyond profit-seeking objectives to minimise the negative and maximise the positive impact of organisational activities on the environment (Sroufe, Liebowitz, & Sivasubramaniam, 2010). A "green" organisational culture can therefore be defined as the values, beliefs, and behaviours of organisational members concerning the natural environment.

The HRM department plays a key role in enabling a green organisational culture because it shapes the values, beliefs, and behaviours of employees through the processes of hiring, training, appraisal, and incentivisation (Amini, Bienstock, & Narcum, 2018; Dyllick & Hockerts, 2002; Madsen & Ulhoi, 2001). In fact, a recent study by Pellegrini et al. (2018) identified the importance of designing HR practices to enhance employee commitment and behaviour in order to support organisational change for long-term sustainable development. An earlier study by Attaianesi (2012) found that employees trained and incentivised to engage in proenvironmental activities ultimately helped to develop and promote a green culture throughout the firm.

Srinivasan and Kurey (2014) found that four factors brought about a significant change in the culture of 60 U.S. multinational companies: leadership emphasis, message credibility, employee empowerment, and peer involvement. Although these factors prompted a shift towards a culture of quality management (Srinivasan & Kurey, 2014), we argue that they can also enable a green organisational culture. This argument is supported by Arda et al. (2018) who found that quality management and environmental management are two interdependent systems, that once integrated can positively affect firm performance. Importantly, we argue that GHRM activities play an essential role in the development of the four EGC.

Proenvironmental leadership emphasis refers to making the environment a leadership priority, where leaders exemplify proenvironmental behaviours in their daily work and evaluate employees on the basis of EP (Bowen, 2000; Sharma & Vredenburg, 1998). HR managers are responsible for recruiting environmentally conscious employees and promoting these individuals into leadership positions (Egri & Herman, 2000). Moreover, HR can incentivise leaders to implement environmental initiatives through remuneration contingent upon EP improvement (Fernández, Junquera, & Ordiz, 2003). A proenvironmental incentive system targeted at organisational leaders then trickles down through the company as leaders set environmental priorities for each department and its employees (Cordeiro & Sarkis, 2008).

Message credibility refers to messages delivered by respected sources that are consistent, easy to understand, and appeal personally to workers (Srinivasan & Kurey, 2014). HR managers are well placed to shape proenvironmental messages that speak to employee concerns about reducing wasteful and environmentally harmful activities in their daily roles (Chow, 2012; Lin & Ho, 2011). Proenvironmental messages can be communicated by the HR department to employees during training sessions as well as performance appraisal meetings (Renwick et al., 2013).

Peer involvement relates to employee participation and mutual involvement in environmental initiatives (Jabbour, 2011; Srinivasan & Kurey, 2014). HR can nurture a culture of peer involvement in environmental activities through training and reward systems (Pellegrini et al., 2018). Specifically, HR can work with managers to develop key performance indicators (KPIs) for teams involved in the delivery of proenvironmental projects.

The KPIs can be linked to waste reduction activities, recycling improvements, and reductions in resource consumption (water, electricity, and raw materials; Jabbour, 2011). By tying financial rewards to the delivery of KPIs, HR managers can encourage employees to work with their peers to deliver environmental initiatives (Daily et al., 2012; Pellegriniet al., 2018).

Employee empowerment refers to the level of employee autonomy for making effective decisions involving situations and requirements that are beyond formative rules (Srinivasan & Kurey, 2014). Daily et al. (2012) suggest that environmental empowerment improves the environmental awareness of employees. Managers and employees become empowered through HR led initiatives including training and assessment (Daily et al., 2012). Empowered managers that lead by example are likely to have employees that can embrace environmental change and proactively reduce harmful organisational processes (Daily et al., 2012; Daily & Huang, 2001). Workers that go beyond what is expected can receive additional compensation during performance appraisals (Daily & Huang, 2001). Moreover, HR can encourage employees to address environmental problems through mechanisms such as green teams where team members play important roles in identifying and resolving issues through teamwork (Daily et al., 2012).

Here, we see how GHRM practices support the development of the EGC. The HRM department hires environmentally conscious employees and moulds proenvironmental values and beliefs using training, leadership, and incentive programmes. These values and beliefs manifest as proenvironmental behaviours in an employee's daily tasks. As employees interact and cooperate to tackle environmental challenges, over time, these behaviours become habits, and a proenvironmental culture emerges in the organisation. Based on this understanding, we suggest that GHRM practices positively influence the development of leadership emphasis, message credibility, peer involvement, and employee empowerment; the EGC. This leads us to hypothesise that:

H2. *GHRM practices are positively related to the EGC.*

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