

Green Human Resource Management Practices and Firm Performance in Manufacturing Industry of Khyber Pakhtunkhwa, Pakistan

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Abstract

Human resource management is very important for any organization to excel in any industry. Advancement in human resource management has compelled organization to improve their performance. Green Human resource management is the advancement in human resource management in which the organization adopt new ways to improve the environment and which helps in improving their work rate. This research is based on the adoption of green human resource policies in the manufacturing industries of Pakistan particularly in Khyber Pakhtunkhwa. Regression analysis is done in order to check the relationship of firm performance and green HRM. The analysis shows that organizations performance is positively related to the green HRM which shows that If green HRM is adopted the performance of the firm will definitely flourish. Therefore, the firms or organization should invest heavily on the environmental management which includes recruitment and selection and training and development, which will be helpful in environmental sustainability.

Key Words: *Green HRM, firm performance, recruitment and selection, training and development.*

Introduction:

Human resource policies are very important in overall development of the organization. A large number of organizations are taking initiative for going green and they are making policies in order to protect the environment and to maintain ecological balance. HR practices should be systematically implemented in order to gain green management and these practices include recruitment and selection, employee development and performance management (Sudin, Saad, & Kamaluddin, 2018). The overall image of the

organizations may be raised with the better environmental performance which will also attract the attention of high performance employees. The rise in eco-friendly environment make organizations to advance competence in their employees to produce those products which fulfil the environmental guidelines strictly (Paillé, Chen, Boiral, & Jin, 2014). Green Human Resource Management if adopted will increase confidence in the employees, overall reputation of the organization, more efficient business processes, will attract public image, better recruitment, develop the product quality, will increase the productivity of the employee, increasing competitive advantage, will increase the loyalty, commitment and motivation of employee (D. W. Renwick, Redman, & Maguire, 2013). Moreover, D. W. Renwick et al. (2013) states that the motivation of employees to participate in environmental activities lags behind how organization produce green competency in the employees and provide them opportunities to participate in the green management efforts in organization. According to Aragón-Correa, Martín-Tapia, and Hurtado-Torres (2013) a lot organizations which have implemented Green Human Resource Management have benefitted from this which results in better performance and high moral of the employees and these organization have financially performed very well. Improving labor productivity by applying environment friendly policies and adoption of these policies helps firms profit due to reducing negative environmental effect (Delmas & Pekovic, 2013).

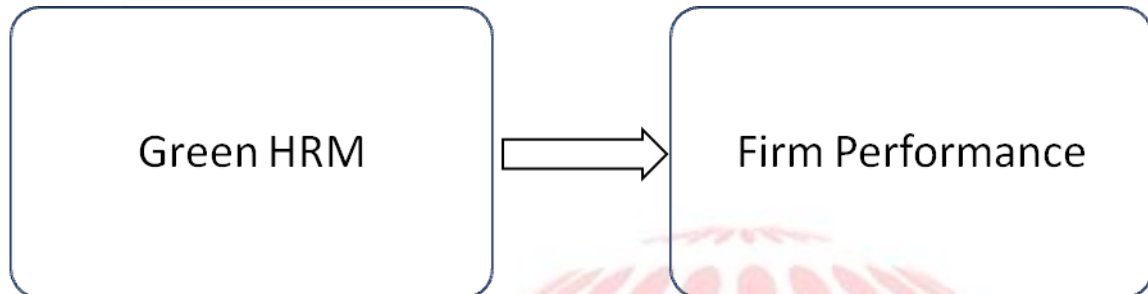
Researchers also say that the function of human resource in organization can be significant in facilitating a widespread attitude in order to build a sustainability culture (Wirtenberg, Harmon, Russell, & Fairfield, 2007) executing variations to different HR functions, such as commitment to topmost management, empowerment of employees, rewards, employees depart etc., also involves this strategy, which can be done by the combination of both HRM and environmental management (D. W. Renwick et al., 2013). HRM related to green policies is the developing area in practical and academic research as a strategic need in this regard, in which employees of the organization should be empowered, encouraged, and environmentally conscious of greening so that he carries out green initiatives. Green Human Resource management refers to strategies that promote sustainable resource utilization within organizations (Mathapati, 2013; Opatha & Arulrajah, 2014). Starting environmentally friendly initiatives leading to better efficiency, costs will be lower and improved commitment and retaining of employees (Jackson, Renwick, Jabbour, & Muller-Camen, 2011; Kumari, 2012; Verma, 2015).

Organizations are gradually concerned with their implementation policies because of the green HRM importance and the impression of sustainability (Cherian & Jacob, 2012), due to ambiguity Green management systems require a high level of executive and industrial expertise (D. W. Renwick et al., 2013). Research suggests that organizations are working on innovation of products for the sustainability of the environment (Callenbach, Capra, Goldman, & Lutz, 1993). Nevertheless, mostly the green HRM area is ignored, in which researchers only abstractly studied green Human

resource(Berrone & Gomez-Mejia, 2009; Jabbour, Santos, & Nagano, 2010; Massoud, Daily, Bishop, & Valles, 2008). And its use or empirical evidence is dismissed(Daily, Bishop, & Massoud, 2012; González-Benito & González-Benito, 2006; Sayed, 2015).Hence, to know how organizations use green HRM practices for stability, this research rotates throughout major goals in a developing country's framework; Pakistan.

Traditionally, Pakistan economy is an agricultural economy just like other south Asian countries but manufacturing is also having a share with it. According to the Vision 2030 of Pakistan the manufacturing has been envisioned from 18.3% which was in 2007 to 30% till 2030(Commission). There are a lot of industries Clusters like oil refineries, textiles, steel, leather, mills, pharmaceutical etc. are located in various cities of Pakistan including many cities of Khyber Pakhtunkhwa(Pak.EPA, 2009). These manufacturing industries not only needs Environmental protection agencies but the organization itself is also responsible to take part in environmental protection policies with in the organization. Green Human resource policies should be introduced in order to cope with the environmental changes and to enhance the performance of the firm.

Therefore, an organizational activity that focuses on finding and engaging new or existing job opportunities for promising applicants, for a unique job opportunity the employment process focuses on having an impression on the nature and proportion of applicants. Information on the action of incorporating green problems into a company's employment process is still very limited. Usually, when recruitment takes place, the green element is inserted (Jose Chiappetta Jabbour, 2011),in any organization the recruitment process can promote green management efficiency by showing that recent recruits know and understand the company's green culture of the and also promote its green standards(Jackson & Seo, 2010).Job specifications should also indicate the maintenance plan and the applicant should have access to its website and other analytical tools so that they can easily access it and help them to better understand its green frameworks(Mandip, 2012). Moreover, (Kola-Olusanya, 2013) reviewed and investigated the introduction of green sustainability in human development and training. The researcher concluded that there is a need to learn more about the green implementation and sustainability and relation between them, it should become a fundamental and continuous element of the process of public accountability. Simply put, T&D is an important aspect of the environmental management implementation process (Delmas & Pekovic, 2013). Procedures of training and development use the accurate tools to achieve their sustainability and environmentally friendly practices that can obtain better capital and create favorable circumstances in future (Kola-Olusanya, 2013). Moreover, green HRM practices should be implemented by organizations that want successful green management, and green training should also be emphasized. So, from the above literature we can simply generate the conceptual framework and hypothesis :



H1: Green HRM is positively related to firm Performance.

Performance management programs are important for green management efficiency assurance, with the perfect gaudiness for employee performance towards green performance the company wants (Jabbour et al., 2010). Moreover, another good way to enhance environmental performance management is to establish a strong link between green job description and performance management a (Mandip, 2012). to measure environmental performance, there are different ways such as standards for monitoring recovery of resources, waste management and customs, incorporating information systems for tracking resource inflows and outflows, and conducting analysis on field in order to provide opportunities for workers to analyze errors and to gain information and assess the organization's green performance (Jackson & Seo, 2010). Embracing green human resource management, performance management enhances more tests to measure rules and regulations of environmental performance and provides useful information on manager's green performance. Various topics of Performance management can also be covered such as events regarding environment, the use of various environmental responsibilities and policy and procedures (D. Renwick, Redman, & Maguire, 2008).

The firm performance in this paper is measured in terms of the implementation of green practices in human resource management. Which is considered as green learning, green recruitment and selection and green training and development.

Research methodology

The data were collected through questionnaire adopted from the previous research papers. For Green HRM items were adopted from (Green, Wu, Whitten, & Medlin, 2006).

For the performance items were adopted from (Harrison, Price, Gavin, & Florey, 2002; Hartog & Verburg, 2004). Quantitative methods were used for achieving an enhanced picture and a deeper understanding of a phenomenon in a single study.

Survey in a manufacturing firms were conducted in this study from industry managers and experts. Three hundred questionnaire were distributed in which two hundred and seven respondents accurately responded. Questionnaire was adopted from the research papers and likert scale was used in the questionnaire. The next step was to analyze and interpret that data which were collected. Correlation analysis is used in order test the data.

Results and Analysis

Descriptive Statistics, Alpha Coefficients, and Correlations

Variables	M	SD	α	1	2	3	4
Green HRM	4.3242	.614	0.837	—	.723**		
Firm Performance	4.2754	.613	0.854	0.723**	—		

** . Correlation is significant at the 0.01 level (2-tailed)

* . Correlation is significant at the 0.05 level (2-tailed)

The given table showed the descriptive statistics, alpha coefficient and correlation of the given variables. The mean of green HRM is 4.3242 and standard deviation 0.614 and Cronbach alpha 0.834 which shows the reliability is more than 0.70. The mean of the firm performance is 4.2754, standard deviation is 0.614 and Cronbach alpha is 0.854 which is reliable because it is more than 0.70. The correlation among the variables is 0.723, which is highly significant at level of 0.01.

Respondent Profile

Frequencies

	Frequency	Percentage
GENDER		
Male	173	83.6
Female	34	16.4
EDUCATION		
Matric	9	4.3
Bachelor	109	52.7
Masters	89	43.0
AGE		
25-30	5	2.4
30-35	81	39.1
35-40	101	48.8
40-above	20	9.7
EXPERIENCE		
Less than 1 year	12	5.8
1-2	14	6.8
2-4	12	5.8
4-6	66	31.9
6-8	76	36.7
More than 8 Years	27	13.0
TOTAL	207	100

Regression Analysis

Independent Variable	Coefficient	t-test	p-value
Green HRM	0.923	34.461	0.00

R-Square: 0.853 Adjusted R-square: 0.853 F-statistics: 1187.54

Dependent variable is Firm Performance

† $p < .1$, * $p < .05$, ** $p < .01$, *** $p < .001$

The above table shows the regression model of the variables Green HRM and firm performance. It shows that the green HRM has a positive relation with firm performance ($\beta = 0.923$, $p < 0.01$), thus supporting our hypothesis. The t value is 34.461, R-square is 0.854 and adjusted R-square is 0.853. The F-value is 1187.54 with p-value 0.00 which shows the overall significance of the model.

Discussion

From the above results it is obvious that green HRM has a positive impact on performance of the firm. Manufacturing industry in any country has a very important role in the boosting the economy. Therefore, if we introduce new policies like green HRM in the firm then it will enhance the performance as well as help in country's economy. Pakistan is the world's 30th largest producing country. The sector of manufacturing represents approximately 20 percent of the national economy's output. The sector has recorded an average annual growth of 3.4 percent over the past five years. It has two constituents, the Large-Scale Manufacturing (LSM) and the Small-Scale Manufacturing (SME) sectors, which increased by 2% and 8% respectively in FY12. In addition, PKR 2.7tn (USD 28 billion) and PKR 653 billion (USD 7 billion) are nominally valued (commerce, 2014). As a result the manufacturing companies therefore need to consider and implement all aspects of this approach, the approach should be implemented in the department of human resources, in other words, integration of environmental management into human resources (HR) is becoming increasingly necessary (Dutta, 2012). Execution of green HRM is necessary to fit the culture and long-term objectives of the organization in order to implement strategic HR systems (Sudin, 2011). If the organization have the right person with the right skills then green HR can be implemented (Sudin, 2011). Accessibility and capacity of HR is highly dependent on Green enhancement (Sudin, 2011). Rangarajan and Rahm (2011) showed that past green experience, awareness of the environment, income and education have a positive impact on the implementation of green HRM. Variations in running procedures and conduct of employees are also critical to green management implementation. Results of the study showed the absence of a widespread plan to implement green HRM and green value ambiguity were the most significant barriers to green HRM implementation. Staff resistance also remained of the lowest importance. Peng and Lin (2008) studied the pressure and resistance of staff as the main factor for the green HRM implementation and the results of this study are not consistent. Among the cultural factors, looking carefully

and categorically, the ambiguity of green value among the factors of technology, the complication and difficulty of green technology recognition, the lack of a comprehensive plan for implementing green human resources management and the lack of understanding of green policies among staff factors were among the highest significance. Jackson and Seo (2010) showed that absence of interest and complication were compatible barriers to green HRM with the results of this investigation. Rendering to them, a lot of factors such as lack of knowledge, uncertainty, lack of confidence in the source of information, resistance to change, and fatalism may result in lack of interest.

Managerial Implications

This study will help managers to understand the significance of Green HRM. There are some barriers to the green HRM accomplishment, which includes the complication and difficulty of accepting green technology. For example, the design and evaluation of effective green human resource management requires an understanding of the green implications of organizational supply chain, operations, distribution processes, behaviors of customers, product life cycles, etc. Moreover, Rompa (2011), pondered that in the implementation of green HRM the lack of technological advancement is an obstruction and this absence of support may be because of the complication of technological acceptance. In addition, another barrier to green HRM implementation, the researcher expressed lack of stakeholder support.

Suggestions can be offered to manufacturing managers and future researchers according to the results of the paper. For example, we can consider a comprehensive plan for the manufacturing industry to implement green HRM, incorporate these concepts into the organizational vision, articulate and institutionalize green values, establish green committees in manufacturing organizations, create global thinking in manufacturing, successful foreign organizations sample and gain support managers. Paillé et al. (2014) The major barrier to green HRM is the lack of manager support. Harvey, Williams, and Probert (2013) concluded that in implementing green practices, HRM plays a crucial role but they faced a lot of challenges. However, Rompa (2011) the leaders of the organization should facilitate the staff in the activities which involves Green HRM.

Limitations and Future Research Directions

The above study is only limited to the manufacturing industry in KPK Pakistan so it cannot be generalized for all Pakistan. Research can be done in other areas of Pakistan in order to get the larger picture of the research. The above study limitations also include lack of cooperation and time expert limitations, and lack of knowledge among professionals on the problem, lack of literature in Green culture.

Suggestions for future researchers are to keep in mind other barriers to green HRM in the manufacturing, agricultural and hospital industries, presentation of a local model of green Human Resource management in manufacturing or other organizations or industries, review of the relationship between green Human Resource and productivity index.

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