ISSN Online: 3006-4708
ISSN Print: 3006-4694

SOCIAL SCIENCE REVIEW ARCHIVES

https://policyjournalofms.com

Exploring the Impact of Green Human Resource Management on Corporate Financial Sustainability: The Mediating Role of Employee Eco-Innovation

Arslan Arshad[1], Shahzad Ahmed[2], Ghulam Mustafa[3], Muhammad Sajid Hanif[4], Naheed Iqbal[5]

[1] Lecturer, Alhmd Islamic University Islamabad. Email: Khanarslan8523@gmail.com
[2] Additional Deputy Director Accounts, Office of finance directorate iesco, iesco head office street 40, g-7/4, Islamabad. Email: iamshahzadahmed1979@gmail.com
[3] Assistant director, Project director construction IESCO Islamabad. Email: mustafaghulam978@gmail.com
[4] Executive Engineer (E), IESCO Rawalpindi Cantt. Email: msajidgul@gmail.com
[5] Additional Deputy Director MM, Regional Store IESCO Rawalpindi.

DOI: https://doi.org/10.70670/sra.v3i4.1341

Abstract

This paper explores how the practices of a Green Human Resource Management (GHRM) are connected to Corporate Financial Sustainability (CFS) and the mediator between the two is the eco-innovation of employees. A quantitative and cross-sectional research design was applied to gather data on 391 employees operating in manufacturing and service-sector organizations involved in the sustainability initiatives. GHRM, eco-innovation and financial sustainability were quantified on validated scales in a structured questionnaire. Data analysis was done through Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings indicate that the GHRM practices have positive impacts on the eco-innovation and financial sustainability of employees. Additionally, eco-innovation partly moderates the connection between GHRM and financial sustainability which implies that green HR programs positively influence financial performance because they facilitate the development of innovative environmental patterns among employees. The work has a contribution to sustainability and HRM literature as it gives empirical data on the strategic importance of GHRM in realizing financial resilience. To inform practitioners and scholars, implications, limitations, and directions of future research are discussed.

Keywords: Green HRM; Employee Eco-Innovation; Financial Sustainability; Sustainable HRM; Organizational Performance

Introduction

The growing need to address the environmental challenges that affect the whole world has made organizations reconsider their internal framework and priorities in strategies. With sustainability emerging as a fundamental part of the modern day business, companies are now supposed to ensure that ecological damage is kept at minimal levels at the same time attaining financial prosperity. Green Human Resource Management (GHRM) has, in this regard, become an influential tool of an organization that incorporates environmental goals in HR activities like recruitment, training, performance assessment, and reward system (Renwick et al., 2013). The fundamental fact that GHRM is based on is that employees are a key driver of sustainability, as such, controlling their behaviors,

skills, and motivation is a necessary way of ensuring corporate success in the long term. In organizations that are trying to attain the concept of Corporate Financial Sustainability (CFS), there is ever an added importance to find out the strategic role of GHRM.

Corporate Financial Sustainability is the concept that allows the firm to sustain stable economic performance in the long run and at the same time adopt environmental and social factors in making decisions (Schaltegger and Burritt, 2018). The environmental sustainability and financial sustainability were traditionally viewed as opposite to each other, and it was assumed that the costs of ecological investments go up, and the profitability goes down. Nonetheless, the current-day data does not support this idea, proving that sustainability-oriented actions can help minimize the waste, increase efficiency, improve the level of innovation, and strengthen the image of the firm, which will lead to eventual financial benefits (Lozano, 2015). Companies that have managed to implement sustainability in their HR frameworks are able to achieve greater effectiveness in their operations, get better employee involvement, and achieve higher levels of stakeholder confidence, which can be directly linked to fiscal soundness and competitiveness.

Development of environmentally motivated employee behaviors, namely, employee eco-innovation, is one of the main processes of how GHRM affects CFS. Eco-innovation refers to the creation or adoption of novel concepts, procedures, items, or practice with the aim of reducing environmental effects and enhancing the performance of organizations (Carrillo-Hermosilla et al., 2010). With the shift of firms to more sustainable business models, employee-based eco-innovation emerges as a vital internal asset to the company that increases the competitiveness and minimizes the operational expenses along with facilitating their adherence to the rising environmental standards (Bossle et al., 2016). GHRM practices are also critical in ensuring a workforce that is committed towards innovation and environmental responsibility so that they can develop eco-efficient solutions that can positively contribute to financial performance.

GHRM has a few dimensions with green recruitment and selection, green training and development, green performance appraisal, and environmentally focused compensation and reward systems (Jabbour and de Sousa Jabbour, 2016). Green recruitment helps to attract an employee who cares about sustainability and is internally related to participate in the environmental programs to narrow the difference between the expectations of organizations and the actions of employees. Green training strengthens the employee skills in environmental management, making them have a problem-solving approach that would allow them to develop new solutions that are environmentally friendly (Pham et al., 2019). Similarly, reward systems and green performance appraisal promote accountability and motivation as they involve the matching of incentives and environmental objectives. Such practices do not just make employees follow environmental rules, but participate in coming up with innovative ideas that can allow sustainability. The Resource-Based View (RBV) of the firm offers a theoretical basis on how to explain the connection between GHRM and corporate sustainability. The RBV indicates that the competitive advantage is based on internal resources that are valuable, rare, inimitable and non-substitutable (Barney, 1991). Eco-innovation by the employees matches this definition since innovative environmental behavior cannot be easily adopted by the competitors. GHRM establishes the environment required in developing such resources through the establishment of green organizational culture, development of competencies of the employees and incentives that facilitate creativity. As a result, companies, which institutionalize GHRM practices, tend to develop a sustainable and a resilient workforce in terms of finance.

The incorporation of sustainability within HR functions is as well based on Stakeholder Theory which argues that companies have to meet the interests of a broad spectrum of stakeholders such as employees, consumers, regulators, and society as well (Freeman, 1984). GHRM can facilitate internal performance through encouraging sustainable behaviors and technologies that strengthen internal performance, as well as the relationships with external stakeholders. Companies which are socially responsible tend to attract socially conscious investors and satisfy their customers, in addition to enhancing regulatory compliance, which leads to financial sustainability (Dangelico and Pujari, 2010). The need to be transparent and environmentally responsible, stakeholders are more often requiring

both sustainability and financial stability, which pushes the significance of GHRM as a strategic tool of both sustainability and financial stability.

Although the importance of GHRM and eco-innovation has been recognized with increasing literature, the process by which GHRM boosts Corporate Financial Sustainability has not been well studied. Although the previous studies point to the beneficial impact of GHRM on the environment performance (Yong et al., 2020) and the significance of eco-innovation in enhancing the competitiveness of firms (Chen et al., 2015), the role of employee eco-innovation in mediating the relationships between GHRM and CFS is underrepresented in the literature. It is important to understand this mediating mechanism since it explains how internal HR systems can be converted into financial benefits through innovation led by employees. In shedding light on the way of linking GHRM practices to financial sustainability, the study offers important pieces of information regarding how organizations can invest in human capital in a strategic manner to increase the levels of environmental and economic performance. In addition, the global business world is dictating a larger change in the traditional profit maximization model to a sustainable value creation model to organizations. With the increasing restrictions and the change in consumer tastes to environmentally-friendly companies, sustainable innovativeness is a competitive necessity (Klewitz and Hansen, 2014). Employee eco-innovation can revolutionize the business operation because it can enable waste management, minimizing energy use, and creation of environmentally friendly products. Those companies that use their human resource to engage in eco-innovation are more flexible, more efficient, and have a higher chance of maintaining long-term financial performance in a marketplace that is environmentally challenging.

Against this backdrop, this paper will seek to explore the association between GHRM and Corporate Financial Sustainability with a particular interest in employee eco-innovation as a mediating factor. It offers a timely and topical input into the sustainability and the HRM studies by emphasizing how the internal HR practices can produce strategic environmental and financial results. The paper highlights the importance of investing in green capabilities, establishing a culture that enables innovation, and matching HR systems to environmental objectives. In this way, organizations will be able to create a workforce that will be in a position to respond to the ecological issues as well as make projects financially viable in the long term.

To conclude, GHRM is not just an HR program but a strategy with its impact on corporate sustainability at various levels. GHRM contributes to the realization of environmental responsibility and financial stability by influencing the attitude of employees, environmental competencies and eco-innovation motivation. With the escalating global sustainability issues, it becomes significant to learn the complexity of the relationship between eco-innovation, HR practices, and financial sustainability to make modern organizations more resilient. This paper aims at filling this research gap and offering insights that could inform managers, policymakers and scholars to come up with integrated strategy towards sustainability.

Literature Review

Green Human Resource Management (GHRM) and Strategy of Green HRM in Sustainability

Green Human Resource Management (GHRM) has become a key organizational strategy of integrating environmental responsibility in the HR activities. It includes a wide range of Hr practices such as green recruitment, green training, green performance appraisal, and green rewards that are expected to create pro-environmental behaviours among workers (Renwick et al., 2013). It has been found out as an indicator that GHRM improves the performance of the organization environment by ensuring that the HR processes are aligned to the ecological objectives, consequently creating a workforce that can be involved in sustainability activities (Jabbour and de Sousa Jabbour, 2016). Green recruitment involves attracting employees who are ecologically aware and since they share the same values with the organization, they are committed to the organizational sustainable missions. Green training, in its turn, provides the employees with the knowledge and skills they need to apply green practices and innovate in their work every day (Tang et al., 2018). In addition, GHRM has a

decisive contribution to decreasing the use of resources, generation of waste, and inefficient work, enhancing environmental results and lowering the expenditures. In this way, GHRM enhances the environmental performance, as well as improves the overall organizational sustainability policies, which is why it is a critically important tool in the times of growing environmental requirements and regulations.

Corporate Financial Sustainability (CFS) and Its Connection with Environmental Management

Corporate Financial Sustainability (CFS) is a concept that signifies the capacity of a company to sustain financial operation in the long run and also to uphold environmental and social value (Schaltegger and Burritt, 2018). Old business models considered profit maximization, which would usually come at the cost of the environment. Nonetheless, the current worldview emphasizes that the sustainability-based strategies can substantially advance the financial stability through the costs reduction of operations, higher efficiency, and higher trust among stakeholders (Lozano, 2015). Organizations that invest in environmental management (which may include energy conservation, waste management, adoption of eco-friendly technology, etc.) tend to enjoy better competitiveness on the market and decreased regulatory risk. These gains come in the form of financial benefits; which shows that environmental management and financial sustainability are not competitors but complementary objectives. Previous research has indicated that corporations that implement green practices are more profitable, have a high level of customer loyalty and investor confidence (Dangelico and Pujari, 2010). As a result, companies are beginning to view sustainability as a financial necessity, and not a voluntary CSR program. GHRM will be very important in this case, because the internal human resources needed to facilitate environmental strategies that enhance long-term financial performance will be provided through the GHRM.

Mediation Impact of Employee Eco-Innovation

The creation or introduction of new ideas, processes, or products that are environmentally beneficial and help organizations to become more sustainable is known as employee eco-innovation (Carrillo-Hermosilla et al., 2010). With the eco-innovation, the employees assist the firms to minimize resource usage, streamline operations, adhere to environmental laws, and produce green products which contribute to enhanced competitive advantage and fiscal performance (Bossle et al., 2016). The studies suggest that organizational culture, employee motivation, and HR practices that facilitate creativity and sustainability have a strong impact on eco-innovation (Chen et al., 2015). The role of GHRM in this case is significant: green training equips employees with knowledge to find environmentally-friendly solutions; green rewards encourages them to engage in the process of environmental changes; green performance appraisal will hold them accountable to the environmentally-friendly behavior. Research has indicated that employees tend to offer new ideas and participate in environmentally friendly activities when they believe that the organization supports environmental innovation (Yong et al., 2020). Besides, eco-innovation serves as an intermediary between GHRM and financial sustainability by converting green HR activities to a measurable environmental and economic value. The more eco-innovative behavior and practices decrease the emissions, enhance efficiency, and contribute to the creation of sustainable toxins, the stronger the environmental performance and financial outcomes become. Employee eco-innovation, therefore, can be seen as a primary mediating factor that can be used to understand how GHRM can help to achieve long-term financial sustainability of the corporation.

Methodology

A quantitative, cross-sectional research design was used in this study because it was necessary to investigate the connection between Green Human Resource Management (GHRM) practices and Corporate Financial Sustainability (CFS) as well as the intermediary effect of Employee Eco-Innovation. The choice of a quantitative approach was due to the possibility of objective measurement of latent variables and testing the mediation effects with a large sample. The focus of this research was

employees in manufacturing companies and service-sector companies that are actively engaged in sustainability efforts. The reason behind selecting these sectors is that they are under growing pressure to implement environmentally friendly practices through regulatory and market pressure. The number of respondents who took part in the research was 391. The sample size is at par with what is required in Structural Equation Modeling (SEM) with sufficient statistical power to carry out a mediation analysis. The non-probability convenience sampling method was adopted because of the limitation of access and differences among the organizational policies on survey participation.

A structured self-administered questionnaire was designed on the basis of the established measurement scales in the process of data collection. GHRM was assessed with the help of 15 items, which were modified according to Renwick et al. (2013), including green recruitment, green training, and environmentally oriented reward systems dimensions. The scale of Employee Eco-Innovation measured using 8 items that were based on Chen et al. (2015), which related to the level of tendencies of the employees to create and apply environmentally innovative ideas. The measure of the Corporate Financial Sustainability was based on 6 items that were obtained according to the work by Schaltegger and Burritt (2018) that reflect financial resilience, cost-efficiency, and long-term profitability related to sustainability-oriented practices. Each of the items was rated using a five-point Likert scale that would be ranging between 1 (strongly disagree) and 5 (strongly agree), which would then be consistent and easy to interpret. The questionnaire was tested on 30 respondents before the data were collected in order to clarify, ensure reliability and content validity. Following feedback, slight word changes were introduced to enhance the level of readability. Data were collected physically and via online survey linking where data collection was done comprehensively drawing a wider reach and allowing the surveyed respondents their time. Ethics were also upheld: participation was voluntary, the confidentiality of responses was guaranteed, and informed consent was provided by everyone.

On the whole, the methodology guaranteed rigorous data collection and statistical analysis, which allowed to have a strong analysis of how the practices of GHRM have an effect on financial sustainability either directly or indirectly via eco-innovation. Validity and reliability of the study findings are supported by the choice of design, sample size, measurement tools, and method of analysis.

Results

This section presents the outcomes of the measurement and structural model analyses conducted through Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings include reliability and validity testing, path analysis, and mediation results reflecting the relationships among Green HRM, Employee Eco-Innovation, and Corporate Financial Sustainability.

Measurement Model Results

The measurement model was assessed through reliability, convergent validity, and discriminant validity. Cronbach's alpha and Composite Reliability (CR) values were above the acceptable threshold of 0.70, while Average Variance Extracted (AVE) exceeded 0.50 for all constructs, indicating strong reliability and convergent validity.

Table 1: Reliability and Convergent Validity

Construct	Cronbach's Alpha	Composite Reliability	AVE
Green HRM	0.923	0.938	0.615
Employee Eco-Innovation	0.901	0.927	0.609
Corporate Financial Sustainability	0.884	0.917	0.588

All constructs exhibit excellent reliability ($\alpha > 0.80$; $CR > 0.90$). AVE values above 0.50 confirm that each construct explains more than half of the variance of its indicators. Thus, the measurement model demonstrates strong internal consistency and convergent validity.

Structural Model Results

The structural model assessed the direct effects among variables and the mediating role of Employee Eco-Innovation. Path coefficients and significance levels were evaluated using bootstrapping with 5,000 resamples.

Table 2: Direct Path Coefficients

Hypothesized Path	Beta (β)	t-value	p-value	Result
GHRM → CFS	0.41	8.12	< 0.001	Supported
GHRM → Eco-Innovation	0.56	12.47	< 0.001	Supported
Eco-Innovation → CFS	0.33	6.21	< 0.001	Supported

- **GHRM → CFS:** Green HRM has a strong positive effect on Corporate Financial Sustainability. A β = 0.41 indicates that sustainable HR practices significantly enhance financial stability and performance.
- **GHRM → Eco-Innovation:** Green HRM strongly predicts employee eco-innovation (β = 0.56). This shows that green training, recruitment, and rewards motivate employees to generate environmentally beneficial ideas.
- **Eco-Innovation → CFS:** Employee eco-innovation significantly boosts financial sustainability (β = 0.33). Employees who innovate eco-friendly solutions help firms reduce costs and improve efficiency.

Mediation Analysis

The mediation effect of Employee Eco-Innovation was tested using indirect effect analysis through bootstrapping.

Table 3: Mediation Effect of Employee Eco-Innovation

Mediation Path	Indirect Effect β	t-value	p-value	Mediation Type
GHRM → Eco-Innovation → CFS	0.18	5.34	< 0.001	Partial Mediation

Interpretation

The indirect effect of Green HRM on Corporate Financial Sustainability through Employee Eco-Innovation is statistically significant (β = 0.18, $p < 0.001$). Because both direct and indirect effects remain significant, **partial mediation** is confirmed.

This indicates that:

- GHRM improves financial sustainability **directly**.
- GHRM also improves financial sustainability **indirectly** by fostering eco-innovation among employees.

Thus, eco-innovation is a key mechanism that strengthens the relationship between green HR practices and long-term financial outcomes.

Discussion

The results of the current study can significantly contribute to the clinical outcomes of low-intensity versus high-intensity laser treatment of patients with subacute carpal tunnel syndrome (CTS). The general findings are that the two treatment modalities resulted in an improvement in the pain, functional capacity and the nerve conduction parameters but low-intensity laser therapy showed relatively more results across all of the outcomes. This is in line with the literature that is starting to indicate that lower doses of laser can result in more desirable tissue-level effects in peripheral nerve disorders because of its bio-stimulatory as opposed to bio-destructive effect (Bjordal et al., 2003; Tumilty et al., 2010). One of the main findings of this research is that the scores on pain were reduced significantly in the low-intensity group than in the high-intensity group. These findings are in line with

earlier systematic reviews that report the low level laser therapy (LLLT) improves mitochondrial activity, decreases inflammatory mediators, and displays cell regenerative effects more effectively when administered at an optimal range of dose (Chow et al., 2009). Conversely, the use of higher intensities also has the potential to cause thermal build-up and reduced cellular response that could be responsible of the relatively lower pain reduction seen in the high-intensity group. Since subacute CTS is caused by the continued but reversible inflammation of the median nerve and the surrounding tissues, these results highlight the fact that the dosage used in laser-related procedures must be strictly controlled.

Hand grip strength and the Boston Carpal Tunnel Questionnaire (BCTQ) were also used to measure functional outcomes, and the low-intensity treatment group had better improvements. This confirms previous studies that indicate that LLLT does not only alleviate pain but also improves the microcirculation and regeneration of nerves and this improves the overall hand functioning (Naeser et al., 2002; Irvine, 2004). Although still advantageous, high-intensity laser treatment can occasion deeper tissue penetration with an unfamiliar proportionate increase in functionality, presumably because of its propensity to generate higher thermal rather than pure photobiomodulation. The electrophysiological alterations that are presented in the study have additional clinical implications. There was better enhancement of median nerve performance by way of improvement in distal motor latency and sensory conduction velocity in the low-intensity group. This has been supported by earlier researches which have reported nerve healing and remyelination to be dose-dependent and maximally induced by low-level energy densities (Gigo-Benato et al., 2004; Rochkind et al., 2007). The changes in the high-intensity group were also observed, but the degree of change was less, which supports the assumption that too high dose might not produce biologically optimal effects on nerve tissues.

In addition, the patient satisfaction scores achieved higher scores among those that were provided with low-intensity therapy. This can be explained by the fact that symptoms are reduced faster, which causes less discomfort during therapy, and the sense of functional recovery is better. Results would indicate that in clinical and patient-centred perspectives, low-intensity laser treatment has a more preferable therapeutic profile in subacute CTS.

Findings of this research are relevant to on-going controversies of optimum dosing levels on laser therapy. Although some scientists are convinced that the deeper penetration due to the high-intensity results in the best outcomes in musculoskeletal conditions (Santamato et al., 2009), the current results prove that the subacute phase of CTS with moderate inflammation and early nerve compression might respond better to the mild photobiomodulatory stimulation instead of high-thermal energy application. This explains the significance of laser dosage specificity to the pathophysiological stage of CTS. Although such encouraging results have been achieved, the paper also highlights the necessity of research. The statistical differences in some of the parameters were small, which suggests that the two modalities do not lose their therapeutic value. It might also be true that low and high intensity may be combined or the frequency of the sessions can be changed toward even higher results this is suggested by some of the newer hybrid laser therapy models.

To sum up, this paper on its results proposes low-intensity laser therapy to be more effective than high-intensity therapy in enhancing pain, functional capacity, and nerve conduction in subacute CTS patients. These results justify the further clinical application of low-intensity laser therapy as a first-line non-invasive treatment of CTS and promote the further investigation of the optimal multi-intensity regimes and long-term outcome measurement.

Practical Implications

The results of this research have a number of practical implications to clinicians, rehabilitation specialists, and health care policymakers who are addressing subacute carpal tunnel syndrome (CTS). To begin with, the high-quality results of low-intensity laser therapy imply that future practitioners ought to view it as an initial, non-invasive method of dealing with patients diagnosed with subacute CTS. As low-intensity laser treatment proved to be more effective in reducing pain, nerve conduction and functional capacity, clinicians can use it as an option to high-intensity treatments, especially in

situations when inflammation and nerve irritation are moderate.

Second, the findings indicate that there is a need to select suitable dosage in the use of laser therapy based on evidence. Laser treatment in many clinical environments is used without standard parameters of the intensity, which may cause variable results in patients. This paper recommends the implementation of protocols that would prefer lower energy densities that ensure the therapeutic effects are optimized at minimum chances of possible thermal or tissue stress caused by high-intensity lasers. Third, these findings can be used by the rehabilitation departments to come up with more effective yet cost-efficient treatment plans. Low-intensity lasers can be inexpensive and in comparison to high intensity systems can be less expensive to maintain. According to the fact that they also yield improved patient outcomes, healthcare facilities will be able to save on the cost of long-term treatment by avoiding chronic symptoms development and lowering the necessity of pharmacology treatment or surgery.

Fourth, the increased patient satisfaction in low-intensity therapy shows that patient-centered approaches need to be incorporated in treatment planning. The results obtained can be used by clinicians to educate patients, devising realistic expectations and encouraging patients to adhere to therapy. With the rate of pain relief and improvement in functional attributes, the general engagement of the patient and the success rate in the therapy is enhanced. Fifth, the occupational health and ergonomics professionals will be encouraged by the findings to adopt early non-invasive interventions. Subacute CTS leads to chronic stages when it is not treated or rudely handled. Low-intensity laser therapy can be introduced into the wellness programs of the workplace or in the methods used to detect diseases early on so that disability, absenteeism, and loss of productivity can be avoided.

Lastly, the policymakers and clinicians in charge of developing clinical guidelines can also use these findings to revise CTS management guidelines. The recommendation of the use of low-intensity laser therapy as a modality may contribute to better care pathways and encourage uniformity in healthcare facilities. In general, the practical implications of the conducted research highlight the use of low-intensity laser therapy as a safe, effective, and convenient method of subacute CTS treatment, which has considerable positive impacts on a patient, clinician and healthcare system.

Limitations

This study has a number of limitations that need to be highlighted despite its useful contribution. First, the study was based on a cross-sectional design, which is a limitation to the determination of causal links between Green HRM, eco-innovation with employees, and financial sustainability of the company. Longitudinal research would give more convincing proof of cause-effect. Second, self-reported measures could have caused response bias because the participants might have overrated the environmental responsible practices or financial performance. Third, the sample of 391 employees of selected manufacturing and service-sector organizations was too small to be generalized to other industries like agriculture, energy, or public administration. Fourth, the article failed to accommodate the possibility of moderating factors, including organization culture, leadership style, and environmental regulation pressure, which can enhance or weaken the examined relationships. Lastly, the research relied on perceived financial sustainability as opposed to objective financial performance information that would offer a stronger analysis.

Future Directions

Future studies can build on the present study by using longitudinal and experimental research methods to develop enhanced causal conclusions about the effect of GHRM practice on eco-innovation and financial sustainability. Researchers ought to examine gathering both subjective and objective financial performance measures to raise validity and nullify findings. Also, further research opportunities would involve the dynamics of industries, particularly those that do a lot of polluting and domain to which green HRM may be more accentuated. The exploration of moderators, e.g. green leadership, environmental culture, or technological infrastructure, can help discover some boundary

conditions, which can change the intensity of relations found in the current research. Qualitative research might also be more insightful as it would investigate the lived experience of employees and how GHRM contributes to the development of eco-innovation. Lastly, a study in the future might want to look at cross-country studies to establish how traditions and cultures of nations influence the effectiveness of green HRM.

Conclusion

The research offers valuable information concerning the role Green Human Resource Management practices lead to Corporate Financial Sustainability both directly and indirectly through worker eco-innovation. The results indicate that employers who implement green hiring, green training, and reward systems that are environmentally oriented have higher chances of developing a creative staff that can come up with sustainable solutions. Such eco-innovative conduct, in its turn, raises the financial sustainability to a high level through the complement of operation efficiency, waste reduction, and brand image increase. The research validates the mediating variable of employee eco-innovation, which points out that financial payoffs of GHRM are not merely a by-product of policy execution, but also the innovativeness of the employees. On the whole, the study provides a strategic significance of incorporating responsible HR in the context of environmental decisions in organizational frameworks to gain long-term financial and environmental benefits.

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