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DETERMINANTS AND IMPLICATIONS IN GREEN HUMAN RESOURCE MANAGEMENT FOR SHARIA BANKING SECTOR IN MEDAN

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Abstract: The purpose of this paper is to analyse the influence of factors that affect green human resource management (GHRM) as well as the mediating factors that influence the relationship of factors such as environmental training and green recruitment on organisational performance. This research is quantitative research with descriptive statistics. The analytical tool used is a structural equation model of partial least squares (PLS). This research was conducted at the *Sharia* banking sector in Medan. Using a proportional random sampling technique, 200 respondents of employees were selected. The results of this study are as follows: (1) Both environmental training and green recruitment have a significant effect on GHRM; (2) GHRM, environmental training, and green recruitment have a significant effect on organisational performance; (3) GHRM has a significant effect on organisational performance; (4) Environmental training has a significant effect on organisational performance through GHRM; (5) Green recruitment has a significant effect on organisational performance through GHRM.

Keywords: Green Human Resource Management, Environmental Training, Green Recruitment, Organisational Performance, *Sharia* Banking

1. Introduction

The considerable concern of today's environment has made it necessary for organisations to adopt the concept of corporate social responsibility (CSR) in their activities by aligning the company's activities with a concern for the welfare of the community. Particularly in the *Sharia* banking sector, which has a dual goal that is not only beneficial to the company but also aims to provide benefits to society. Internal company activities contribute to forming an effort to create environmental awareness in employees, both at the operational and managerial levels, with environmental management practices.

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One of the initiatives was the alignment of human resource management practices. Determinants and implications in GHRM literature have highlight early outlooks, GHRM standards, and the term “green” that has been known since the 1990s, but less attention has been paid to the relationship between GHRM and the business world. Although CSR strategy developments are also difficult to separate from changes in management practice as a result of business dynamics, the tendency of actors towards standardising moral and ethical issues such as environmental considerations, along with the increasing pressure from the state and the market regarding the requirements for accounting for the external costs of business, have led to the development of CSR theory. Not surprisingly, there are correlations between corporate disclosure on environmental issues and HRM strategies, or further GHRM activities.

GHRM has become an increasingly important topic for organisations seeking to enhance their environmental sustainability. Existing research indicates that GHRM practices can positively impact employee environmental performance and green innovative behavior. (Gill et al., 2023) (Song et al., 2023) However, the specific factors that drive the adoption of GHRM and its effects on organisational outcomes remain understudied, especially in the context of the *Sharia* banking sector. This study investigates the key determinants of GHRM in the *Sharia* banking sector in Medan, Indonesia. The research draws on existing literature in the fields of GHRM, environmental behaviour, and organisational performance (Khan & Sarwar, 2023) (Gill et al., 2023).

The ever-increasing global emphasis on environmental sustainability has led organisations to adopt various strategies to mitigate their environmental impact. One such strategy is the integration of green practices into human resource management, known as GHRM. In order to ensure that employees can successfully fulfil their environmental responsibilities, they are now provided with a type of training, a process known as environmental training, which is a subset of human resource management and specialises in the relationship between the environment and human resources. This study aims to determine the effects of environmental training programs on employees’ perceptions of GHRM practices. Given this reality, organisations should embrace the concept of environmental training as an organisational culture and support enabling conditions accordingly. Organisations can be sure their employees will have perceptions more in line with GHRM practices. The image showing that an organisation’s training activities include environmentally related training will also improve generic performance perceptions about GHRM.

Furthermore, regarding the factors that form GHRM, green recruitment is a sustainable approach to talent acquisition. The traditional recruitment process often results in a considerable environmental footprint, from paper-based applications to energy-intensive assessment centers. In response, green recruitment has emerged as a sustainable approach to talent acquisition, leveraging digital technologies to minimise waste and reduce the environmental impact of the hiring process. According to a study by the Society for Human Resource Management (SHRM, 2020), 72% of organisations acknowledge the importance of reducing their environmental impact, but only 22% have measures in place to achieve this goal. Adopting green recruitment practices can help organisations reduce their carbon footprint, conserve resources, and contribute to a more sustainable future. Green recruitment involves using digital platforms and social media to disseminate job advertisements, reduce the need for printed materials, and streamline the application process. Electronic recruitment systems enable applicants to submit their applications and supporting documents electronically, eliminating the need for paper-based applications. Additionally, green recruitment incorporates virtual or remote interviews and assessments, reducing transportation and accommodation costs and enabling organisations to evaluate candidates from a pool of global talent.

In recent years, the concept of GHRM has gained immense attention from both academics and practitioners. GHRM refers to the integration of environmental concerns into HR practices, aiming to enhance organisational performance while minimising environmental impact (Kochen et al., 2015). Training and development programs play a crucial role in equipping employees with the necessary skills to adopt GHRM practices. Organisations that invest in training programs, such as those focused on environmental awareness and sustainability, tend to experience significant improvements in environmental performance (Cordano & Frieze, 2000). Moreover, GHRM practices, like telecommuting and compressed workweeks, can reduce an organisation’s carbon footprint, leading to cost savings and improved employee productivity (Lockett et al., 2012). However, implementing

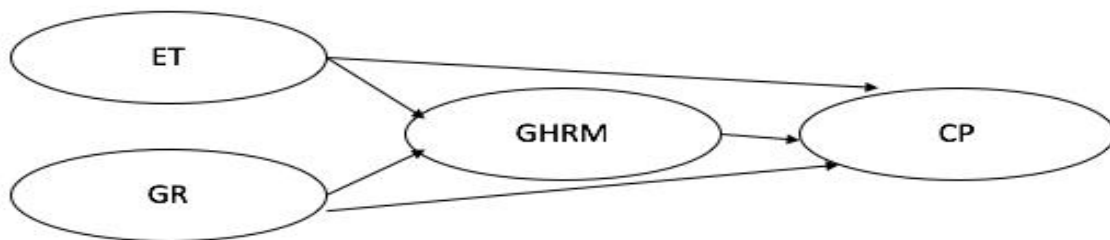
GHRM practices can be challenging, particularly in companies with limited resources or competing priorities (Hussein et al., 2011). Addressing these challenges requires effective change management strategies, including communication, training, and recognition programs (Heskett et al., 1997).

2. Method

This research falls into the category of explanatory research, which aims to explain the position and relationships between involved variables (Sugiyono, 2014). The data for this research will be sourced from primary data collected through a questionnaire distributed via Google Forms to respondents through social media. The collected data will be processed and analysed to obtain the desired research results. The population for this study comprises employees in the *Sharia* banking sector in Medan. The sampling technique used in this study is purposive sampling. Purposive sampling is a method where the researcher selects subjects based on specific criteria relevant to the research objectives (Sugiyono, 2014). Data for this study will be collected through a survey using Google Forms. Data testing will be performed using Smart-PLS 3.0. With a sample size of 200 respondents, the PLS-SEM approach is considered appropriate. PLS-SEM, or Partial Least Squares Structural Equation Modelling, is an analysis technique used to predict causal relationships between latent variables (Cepeda-Carrión et al., 2022).

The model used in this study is as follows:

Figure 1



3. Results and Discussion

Table 1 in this study shows that the discriminant validity values have met the established assessment criteria. According to Hair et al. (2014), discriminant validity in research can be evaluated using the criteria of Cross Loading and Fornell Larcker. Looking at the Cross Loading criteria, the item loadings for each construct in this study were higher than their cross-loadings, thus meeting the discriminant validity criteria. Discriminant validity in this study meets the criteria because the AVE value of a construct was greater than the squared correlations between that construct and other constructs. In this study, the values based on the Fornell-Larcker and Cross Loading criteria have met the specified standards. Therefore, it can be concluded that this study has fulfilled the criteria for discriminant validity.

Table 1: Discriminant Validity

	ET	GR	GHRM	CP
ET	0.850			
GR	0.419	0.904		
GHRM	0.718	0.502	0.873	

CP	0.603	0.416	0.639	0.847
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Source: Author's Data Analysis

Table 2: Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
ET -> GHRM	0.267	0.380	0.149	2.536	0.011
GR -> GHRM	0.294	0.288	0.140	1.977	0.043
GHRM -> CP	0.199	0.189	0.098	2.010	0.041
ET -> CP	0.330	0.330	0.139	2.459	0.012
GR -> CP	0.450	0.458	0.137	3.357	0.002

Source: Author's Data Analysis

Figure 2: Path Analysis

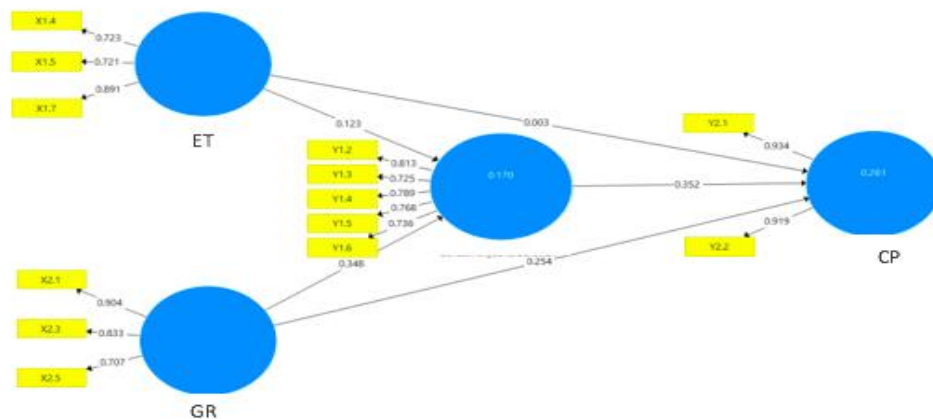


Figure 2 in this study shows the path analysis processed using SmartPLS 3.0. Table 2 presents the results of the structural model testing, which demonstrates the causal relationships in the research model. The results of hypothesis testing for all hypotheses in this study are accepted because they have a p-value below 0.05.

4. Conclusion

In conclusion, environmental training and green recruitment are the determinants for GHRM. And GHRM has a positive impact on company performance, driving environmental performance, employee engagement, and productivity improvements. By incorporating GHRM practices into their operations, organisations can reduce their environmental footprint while enhancing their competitiveness. However, implementing GHRM requires careful planning, leadership commitment, and employee engagement.

5. Acknowledgement

We want to express our deep gratitude to Allah SWT for His infinite love and blessings throughout the entire process of writing this article. And to Universitas Muslim Nusantara Al-Washliyah for the financial support for the research and publication of this article

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