THE IMPACT OF GHRM PRACTICES ON EMPLOYEE PERFORMANCE MEDIATED BY INNOVATIVE WORK CULTURE: A STUDY IN PT. BANK KALTENG, INDONESIA

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Abstract—The study aimed to determine the impact of green human resource management (GHRM) practices on employee performance and innovation within Indonesia's banking sector. By investigating the relationships between green knowledge sharing, innovative work culture, and employee performance, the research sought to understand how the implementation of GHRM initiatives could drive sustainable practices, enhance organizational effectiveness, and foster a culture of innovation. The variables studied included green knowledge sharing, innovative work culture, and employee performance. The study respondent comprised 150 employees from the PT Bank Kalteng, selected using purposive sampling. Data collection was conducted through an online questionnaire utilizing a 1–5 Likert scale. A quantitative approach was employed to investigate the impact of GHRM practices on employee performance and innovation in the banking sector. Data processing methods, such as the use of SMART-PLS 3 for structural equation modeling (SEM) analysis, were utilized. The results revealed significant findings regarding the impact of GHRM practices on employee performance and innovation in Indonesia's banking sector. Green Knowledge Sharing (GKS) exhibited a positive and statistically significant relationship with employee performance, while Innovative Work Culture (IWC) also demonstrated a positive and significant relationship with employee performance. Additionally, the indirect influence test results indicated that green knowledge sharing (GKS) significantly influenced employee performance through innovative work culture, suggesting that fostering a culture of innovation mediated the relationship between green knowledge sharing (GKS) and employee performance (EP). These findings offer valuable insights into the role of GHRM initiatives in promoting environmental sustainability, enhancing organizational effectiveness, and supporting a culture of innovation in the banking industry.

Keywords — GHRM, green knowledge sharing, innovative work culture, employee performance

1. Introduction

Indonesia is dealing with numerous issues of environmental damage. Green Human Resource Management (GHRM/Green HRM) has become a crucial element for organizations globally, aiming to address environmental challenges by integrating ecological objectives into human resource (HR) practices. GHRM practices seek to promote sustainable action within an organization, resulting in positive consequences for the environment that benefit the organization, improve employee welfare and organizational efficacy, and facilitate the implementation of environmentally conscious policies and procedures that direct organizational participation towards massive reductions in resource consumption, reducing waste production and increasing promotion of environmentally friendly initiatives (Yahya & Zargar, 2023). Banks, as important financial entities in Indonesia, have the responsibility to encourage the implementation of sustainable development in various lines, one of which is human resource management (Maryantia et al., 2024). It is very important for banks as financial institutions to be pioneers in starting and maintaining a green revolution to save and preserve the Earth. The banking sector is starting to implement a "go-green" policy internally and encouraging employees to use environmentally friendly technology with various incentives and sanctions. This effort was made to bridge the gap between the implementation of professional GHRM practices in organizations and GHRM research in the banking sector (Uddin et al., 2023). The impact of GHRM practices on employee performance is examined through an innovative work culture in banks.
This is important because GHRM plays a large role in supporting employee green behaviour and even to a certain extent influences the direction of the organization's environmental management strategy (Bhatti et al., 2022; Shoaib et al., 2021). This study looked at the overall impact of GHRM practices compared to their practices in organizational human resource management. HR is the main player in implementing GHRM practices and policies and plays an important role in the process of realizing green business practices, which have a great opportunity to contribute to the organization's green movement. GHRM practice efforts that are implemented appropriately will be able to encourage, facilitate, and motivate employees to implement innovative green practices to achieve a more environmentally friendly business and support the organization's innovative culture (S. Ahmad, 2015; Jamal et al., 2021; Uddin et al., 2023). This literature review aimed to examine and consolidate current research on the relationship between GHRM practices and their impact on innovative organizational culture and banking employee performance.

2. Literature Review

2.1 Previous Research

According to research conducted by Uddin et al (2023), implementing GHRM practices such as sharing green knowledge among employees can have a significant and positive impact on the service behaviour of bank employees. This study aims to contribute to the advancement of sustainable HRM plans for banks seeking to integrate environmental sustainability, thereby promoting progress and enhancing banking services. Similarly, research by Khan et al (2022) study has demonstrated that a commitment to environmental sustainability through GHRM knowledge-sharing practices can influence green employee behaviour.

2.2 Theoretical Foundation

Appelbaum et al (2001) to explain established the AMO (Ability-Motivation-Opportunities) hypothesis to explain that an employee's success is dependent on three key components: individual abilities, motivation, and opportunities to contribute. Employees require specialized skills to execute their jobs, support from leaders and managers to finish these responsibilities, and chances to grow as individuals and participate in decision-making processes and initiatives in order to perform better. The theory suggests that developing employee abilities, motivating employee involvement, and providing good opportunities for employee involvement in an organization are the keys to high employee performance. AMO theory highlights the significant role of HR practices in shaping employees' attitudes and overall performance. This theory also considers GKS (Green Knowledge Sharing) as a variable and opportunity factor to encourage employee participation towards green goals. The theory states that developing employees’ green knowledge, motivation, and providing opportunities for participation in green knowledge sharing (GKS) activities are essential for promoting sustainable practices within an organization. GKS can help employees enhance their abilities in environmental sustainability, motivate them to engage in eco-friendly initiatives, and provide opportunities for them to contribute to the organization's green agenda. Therefore, incorporating GKS into HR practices aligns with the AMO theory principles and can contribute to better employee performance and organizational sustainability (Mustafa et al., 2023).

2.3 Green Human Resource Management Practice

Sustainable human resources (HR) practices that prioritize environmental concerns are commonly known as Green HRM. These practices entail promoting eco-friendly behaviours in performance evaluations, rewards, compensation, and promotions to encourage employees to engage in responsible environmental practices. This study recognizes Green HRM practices as an independent variable, with the inclusion of green training and development opportunities and knowledge-sharing further bolstering these initiatives. Ultimately, Green HRM practices embody the environmentally-conscious elements of HRM management (Dumont et al., 2006; Mustafa et al., 2023; Renwick et al., 2012)

2.4 Green Knowledge Sharing

Green Knowledge Sharing (GKS) is a collaborative process that allows employees to share their green knowledge and skills, creating new knowledge within a firm (F. Ahmad et al., 2023; Song et al., 2020). While it benefits both individuals and the organization, documenting the implicit knowledge that resides in the human brain can be a challenge. Sharing knowledge about green practices becomes essential for motivating workers to engage
in green behaviours and activities. It is also a vital tool for encouraging critical thinking, transforming ideas into innovative capacity, and developing the organization's creative approach to drive green HRM practices. Studies have shown that promoting green knowledge sharing can improve employee commitment to environmental sustainability and enhance their ability to come up with innovative solutions (Kremer et al., 2019). Furthermore, the AMO theory, along with this study, recognizes GKS as a vital mediating variable and opportunity factor that can encourage employee participation in achieving green goals (Bhatti et al., 2022).

2.5 Innovative Work Culture

An organization's culture is defined by the shared habits, behaviours, and representations of its members. A specific type of culture, the “innovation culture,” fosters creative thinking within the organization. Businesses view innovation as a crucial tool for increasing market share and gaining a competitive edge, leading to long-term economic growth. An innovation culture provides the social setting for staff members to generate ideas and implement innovative solutions (Davies & Buisine, 2018). A successful innovation leads to the development of new products or processes that improve market position and attract customers, creating a competitive advantage. Companies must now embrace green innovation activities to transform environmental management practices and adapt their business models to lower their ecological impact. The impact of GHRM practice on service innovation is a hot topic in management circles. Previous studies indicate that innovation has a positive effect on organization performance (Khammadee & Ninaroon, 2022).

2.6 Employee Performance

Achieving organizational goals requires individuals or groups to fulfil their responsibilities. Performance can be assessed based on how well an employee fulfils their job requirements, with results being the most common measurement. A study by Da Silva et al (2020) has analysed the impact of HRM practices on employee innovation and performance. The research found that good HRM practices such as training and job appraisals have a significant positive effect on innovation and employee performance. Understanding how GHRM practices can affect employee performance is vital, green performance considers a broader definition of performance and aligns with green human resources management strategies. Workers’ engagement in environmentally friendly behaviour and activities reflect their green values and ultimately contribute to green performance. This is especially relevant when considering the close relationship between GHRM and human resources practices that support environmental sustainability important to understand how GHRM practices can affect employee performance. Green performance considers a broader definition of performance and is developed to be in line with Green Human Resources management strategies, according to Opatha & Arulrajah, (2014) environmentally friendly performance must be seen from the extent to which workers engage in behaviour and activities that reflect environmentally friendly values from time to time. This is very relevant considering the close relationship between GHRM and Human Resources practices that support environmental sustainability.

3. Research Framework

3.1 Framework

![Figure 3.1 Analysis Model](image)

3.2 Hypothesis

- **H1**: Green Knowledge Sharing significantly impacts Employee Performance
- **H2**: Innovative Work Culture significantly impacts Employee Performance
H3: Green Knowledge Sharing significantly impacts Innovative Work Culture
H4: Green Knowledge Sharing significantly impacts Employee Performance through Innovative Work Culture

4. Research Methods

4.1 Research Approach

This study employed a quantitative approach and was conducted at PT Bank Kalteng. Purposive sampling was utilized to select 150 employees of the bank as respondents. Data was collected using a 1-5 Likert scale questionnaire distributed online.

4.2 Operational Definition of Variables

Table. 4.1 Operational Definition of Variables and Variable Measurement

<table>
<thead>
<tr>
<th>Variable</th>
<th>Variable Concept</th>
<th>Indicators</th>
<th>Source</th>
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</table>
| Green Knowledge Sharing   | Green Knowledge Sharing involves the exchange of environmentally sustainable technological knowledge between an organization and its employees. This encompasses the sharing of green technical expertise and green product design insights, both internally within the organization and externally amongst colleagues. This collaborative exchange cultivates a culture of innovation and sustainability, empowering the organization and its employees to collectively contribute to green initiatives and practices. | 1. Our organization's members regularly engage with one another to discuss various environmental developments and exchange knowledge.  
2. We have a well-organized system that allows us to learn from one another and share knowledge.  
3. The organization regularly provides its employees with the most recent information on environmental issues and market trends via email, workshops, and training sessions.  
4. Our organization fosters cross-departmental collaboration to explore environmentally sustainable solutions and share expertise  
5. Employees are empowered to contribute their insights and experiences regarding environmental practices through suggestion boxes or digital platforms.  
6. Regular team meetings include discussions on how to integrate environmentally friendly practices into our work processes, and employees are encouraged to share their ideas and suggestions. | Song et al (2020)                                                                                                                                   |
| Innovative Work Culture   | Innovation work culture refers to the collective values, beliefs, attitudes, and behaviours within an organization that promote and support innovation as a fundamental aspect of its identity and operations. By demonstrating this behaviour, individuals actively participate in generating and implementing fresh and valuable ideas, processes, products, or procedures within their work roles, teams, or the entire organization. These values encompass the environment, practices, and norms that encourage creativity, experimentation, and the generation of novel ideas to drive organizational success. | 1. Idea opportunity  
2. Idea generation  
3. Idea realization  
| Employee Performance      | Employee performance refers to the ability of employee to achieve better results from specific job functions. It is a crucial part of the workmanship process of employees. Evaluations provide feedback to employees on their abilities, strengths, weaknesses, and potential, which is beneficial in setting goals, tracking progress, planning, and career development. Improved employee performance is closely linked to the overall performance of the company. | 1. Work Quality  
2. Work Quantity  
3. Timeliness  
4. Cost-Effectiveness  
5. Need for Supervision  

Source: Data processed (2024)

4.3 Data Analysis Methods
The present study utilizes SEM analysis techniques, specifically SMART-PLS (Partial Least Square) 3, which involves component or variance-based approaches. Pioneered by Herman Would (Ghozali & Kusumadewi, 2023), PLS is a robust method for estimating path models that employ latent constructs with multiple indicators. PLS distinguishes between inner models, which represent structural relationships between latent variables, and outer models, which encompass measurement models (reflexive or formative).

5. Result and Discussion

5.1 Distribution of Research Questionnaires

According to the data, there were 93 male respondents, which accounts for 62% of the total respondents. The majority of the respondents belonged to the age group of 28 to 37 years, with a total of 67 people, accounting for 44.7% of the total. Additionally, 50 respondents (33.3%) had worked for 0-5 years. The highest number of respondents (128 people, 85.3% of the total) had obtained a bachelor's degree.

5.2 Description of Research Variables

The respondents perceive that the highest level of sharing green knowledge takes place when when employees constantly communicate with one another to share expertise and talk about environmental changes (GKS1). This factor has a mean value of 4.127. The respondents also perceive that the most innovative work culture can be found in the idea generation (IWC 2) factor, which has a mean value of 3.680. Additionally, the respondents perceive that the highest employee performance is in terms of work quality (EP1).

5.3 Outer Model Measurement Model Evaluation

All the variables in the study had an Average Variance Extracted (AVE) value above 0.50, indicating that the data was valid. Additionally, the value of composite reliability, as well as the Cronbach's alpha value on each variable, was greater than 0.6, indicating that the data was reliable. Therefore, it could be concluded that the data used in the study was both valid and reliable.

5.4 Inner Model Measurement Model Evaluation

The R-square value for the innovative work culture variable is 0.163, which means that 16.3% of the variability in the innovative work culture construct can be explained by the variables of green knowledge sharing. Similarly, the employee performance variable has an R-square value of 0.436, indicating that 43.6% of the employee performance variable can be explained by green knowledge sharing and innovative work culture. With a Q-Square value of > 0, or 0.20, it can be concluded that the model demonstrates predictive relevance, suggesting that the model is useful in predicting outcomes.

Figure 5.1 Bootstrapping
Source: Data processed (2024)

<table>
<thead>
<tr>
<th>Table 5.1 Coefficients of Direct Influence Pathways</th>
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<tbody>
<tr>
<td>Path Coefficient</td>
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<tr>
<td>------------------</td>
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</table>


Table 5.2 Indirect Influence Test Results

<table>
<thead>
<tr>
<th>Path Coefficient</th>
<th>T Statistics</th>
<th>P Values</th>
<th>Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>GKS -&gt; IWC -&gt; EP</td>
<td>0.206</td>
<td>4.174</td>
<td>0.000</td>
</tr>
<tr>
<td>GKS -&gt; EP</td>
<td>0.279</td>
<td>3.656</td>
<td>0.000</td>
</tr>
<tr>
<td>GKS -&gt; IWC</td>
<td>0.411</td>
<td>5.078</td>
<td>0.000</td>
</tr>
<tr>
<td>IWC -&gt; EP</td>
<td>0.500</td>
<td>7.270</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Data processed (2024)

5.5 Results of Research Discussion

5.5.1 The Effect of Green Knowledge Sharing on Employee Performance

The analysis results revealed a positive and statistically significant relationship between green knowledge-sharing variables and employee performance. This finding suggests that a higher quality of green knowledge sharing offered by PT Bank Kalteng corresponds to increased employee performance within the organization as a provider of employment. The significance of the results lies in their implications for both theoretical understanding and practical application within the context of organizational management and sustainability initiatives. Firstly, the identified positive relationship between green knowledge sharing and employee performance adds to the body of knowledge on the mechanisms through which sustainable practices can positively influence organizational outcomes. This finding aligns with theories emphasizing the importance of knowledge dissemination and collaboration in fostering organizational effectiveness.

5.5.2 The Effect of Innovative Work Culture on Employee Performance

The results of the analysis showed that there was a positive and significant relationship between innovative work culture variables and employee performance. These findings underscore the importance of promoting and sustaining an innovative work culture. Implementing policies that encourage idea generation and knowledge sharing, providing resources for professional development and training, and fostering a climate that values experimentation and continuous improvement. By doing so, organizations can harness the potential of their workforce to drive innovation and achieve superior performance outcomes. The importance of these results lies in the understanding the relationship between an innovative work culture and employee performance, as well as their practical implications for organizational management strategies aimed at fostering innovation and maximizing performance.

5.5.3 The Effect of Green Knowledge Sharing on Innovative Work Culture

The results of the analysis showed that there was a positive and significant relationship between the variables of green knowledge sharing and innovative work culture. The study highlights the connection between organizational practices promoting environmental consciousness and innovation. It suggests that organizations with a green knowledge-sharing culture foster environments conducive to creativity, experimentation, and innovative problem-solving. This aligns with theories suggesting the synergistic effects of sustainability initiatives and innovation-driven cultures on organizational performance and competitiveness. The study also suggests that initiatives promoting environmental awareness and sustainable practices can enhance employee creativity and innovation, thereby advancing sustainability objectives.

5.5.4 The role of Innovative Work Culture mediates the effect of Green Knowledge Sharing on Employee Performance

The study found that innovative work culture partially influences the relationship between green knowledge sharing and employee performance. This suggests that while green knowledge sharing directly impacts employee performance, it also influences the organizational culture towards innovation. This highlights the importance of considering the broader organizational context when understanding the effects of sustainability initiatives on performance outcomes. Organizations that prioritize green
knowledge sharing initiatives not only enhance employee performance through increased environmental awareness but also indirectly boost performance by nurturing a culture that values creativity, experimentation, and continuous improvement. Therefore, managers and policymakers should prioritize initiatives promoting green knowledge sharing to foster innovative work cultures and employee performance.

6. Conclusions and Practical Implication

6.1 Conclusion

1. The study highlights the connection between organizational practices promoting environmental consciousness and innovation. It suggests that fostering a culture of knowledge-sharing in green practices fosters creativity, experimentation, and innovative problem-solving. This aligns with theories suggesting the synergistic effects of sustainability initiatives and innovation-driven cultures on organizational performance and competitiveness.

2. The relationship between green knowledge sharing (GKS) and innovative work culture (IWC) is significant, highlighting the connection between environmental consciousness and organizational innovation. Organizations that foster a culture of green knowledge sharing foster creativity, experimentation, and innovative problem-solving, enhancing performance and competitiveness.

3. The study also found that innovative work culture acted as a partial mediator between green knowledge sharing and employee performance, highlighting the need for holistic sustainability management.

4. Managers and policymakers should prioritize initiatives promoting green knowledge sharing to foster innovative work cultures and enhance employee performance. Investing in strategies that cultivate environmental awareness and innovation-driven cultures can position organizations for long-term success and sustainability objectives.

6.2 Suggestion

1. Incorporate environmental consciousness into innovation: organizations should foster cross-functional collaboration, establish interdisciplinary project teams, and establish feedback mechanisms like surveys, suggestion boxes, and focus group discussions to assess the effectiveness of current initiatives and identify areas for improvement.

2. Integrate Eco-Friendly HR Practices: Organizations should integrate eco-friendly HR practices into their human resource management strategies to increase environmental awareness and innovation.

3. Encourage Employee Participation: Encourage active participation and involvement of employees in green initiatives and decision-making processes. This can be achieved through employee engagement programs, green committees and regular feedback mechanisms to gather ideas and suggestions to improve environmental sustainability in the organization.

4. Promote Eco-Friendly Knowledge Sharing: Foster a culture of knowledge sharing that specifically focuses on eco-friendly practices among employees. Encourage employees to share experiences, best practices and innovative ideas related to environmental sustainability, which can contribute to the development of innovative solutions and practices within the organization.

7. References


