

Impact of Green HRM Practices on Employee Performance in the Banking Sector in Islamabad, Pakistan

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ABSTRACT

This research paper explores how Green HRM practices influence the performance of employees working in the banking industry of Islamabad in Pakistan. Green HRM strategies such as green recruitment, green training, green performance management, and green rewards are meant to synchronize the behaviors of the employees towards the organizational levels of sustainability. As environmental issues and regulations become a stronger force, banks are progressively implementing green programs, and little researches have been done on the impact of such programs on employee productivity in Pakistan. The research method in this study was quantitative in nature in which 120 employees of the public and private banks were used in gathering the data through structured questionnaires. Descriptive statistics, correlation, and multiple regression were used to analyze the data to measure the associations between Green HRM practices and employee performance. The findings suggest that there is a positive and significant correlation between the practices of Green HRM and employee performance with the factors of green training and green rewards being the strongest. The paper highlights that sustainable HRM practices do not only lead to better environmental performance; they are also effective in boosting the employee motivation, efficiency, and productivity, which also help in improving the performance of the organization. The results have implications on banking managers, HR professionals and policymakers seeking to find a way of embedding sustainability on human resource strategies.

Keywords: Green HRM Practices, Employee Performance, Banking Sector, Islamabad, Pakistan

INTRODUCTION

Making environmental sustainability a part of organizational strategies has become an international demand that not only has impacted the operations and production but also on human resource practices. Green Human Resource Management (Green HRM) is the systematic integration of environmental management in the policies and practices of HR in such a way that, employee behaviors and competencies promote sustainable organizational goals (Renwick, Redman, and Maguire, 2013). Some of the activities that are found within green HRM include green recruitment and selection, green training and development, green performance appraisal, and green rewards and recognition, all designed to promote pro-environmental behaviors among employees (Jabbour, 2013; Gupta and Sharma, 2020).

Regarding the banking industry of Pakistan, sustainability efforts have become central to the growing environmental policies, pressure on the company by stakeholders, and corporate social responsibility

(Khan and Ahmed, 2021). Although the banks have been concentrating on the aspect of financial performance as well as operational efficiency, there is a current appreciation that the actions of the employees are critical towards the accomplishment of the sustainability objectives. Trained, motivated, and rewarded employees are more prone to make a positive contribution towards organizational and environmental goals as they are environmentally responsible (Jabbour and Santos, 2008).

Employee performance is a multidimensional variable incorporating task performance, organizational citizenship behavior and overall productivity (Aguinis, 2013). Green HRM practices have the potential to boost the performance of the employees because they boost awareness, motivation, and involvement on the tasks that are oriented towards sustainability (Renwick et al., 2013). As an example, the green training offered to employees will make them more prepared to integrate the environmental practices into their daily routine, whereas the green reward systems will encourage the proactive behaviors that help keep organizations sustainable (Dumont, Shen, and Deng, 2017).

Although the use of Green HRM is increasingly becoming common in the international scene, empirical studies are still scarce in developing economies such as Pakistan especially in the banking industry. The existence of green HRM studies in manufacturing and service industries has shown that it has a positive effect on the performance of organizations (Jabbour et al., 2010; Rashid, Aslam, and Anwar, 2020), although there is limited research on green HRM and its effects on employee performance, specifically in the bank sector of Islamabad. Given that banks are knowledge-based institutions whose strategic HR planning heavily depends on human resource, it is important to have insight into the relationship between green HRM practices and employee performance.

This gap is what the study seeks to address by conducting research on the role of green HRM practices in the performance of employees in the banking industry of Islamabad. Particularly, it addresses four aspects of Green HRM, namely green recruitment and selection, green training and development, green performance management and green rewards and recognition. The aim of the study is that proper practice of these activities will result in increased employee performance that in turn will result to better performance of the organization as well as sustainability of the environment.

Moreover, Pakistan is becoming challenged in terms of environmental issues, such as energy crises, waste disposal processes, and urban pollution (World Bank, 2020). Being large providers of service as well as employers, financial institutions would be obliged to embrace sustainable practices that would reduce on environmental impact. The research on the effects of Green HRM on employee performance can be valuable to both the scholarly and practical policymaking, as it will help HR managers to develop effective strategies that will incorporate the idea of sustainability as a part of employee human resources (Gupta and Sharma, 2020; Khan and Ahmed, 2021).

Overall, the paper discusses the pivotal role of Green HRM practices and employee performance in the banking industry in the city of Islamabad. It also highlights that, besides environmental responsibility all sustainability-oriented HR practices boost employee engagement, productivity, as well as the overall performance of the organization. It is hoped that the findings would offer useful recommendations to the HR managers, the bank executives and the policymakers in formulating effective green HRM approaches to suit the banking industry in Pakistan.

LITERATURE REVIEW

Green Human Resource Management (Green HRM) has become one of the most important fields of research in organizational studies, especially with environmental sustainability being one of the strategic

concerns of organizations around the globe. Green HRM is the incorporation of environmental management in human resource practices, policies and culture with the objective of promoting behaviors of employees that help in ensuring environmental sustainability (Renwick, Redman, and Maguire, 2013). The concept involves green recruitment and selection, green training, green performance appraisal, green rewards and recognition, among others that have aggregate impacts on the pro-environmental behaviours and performance of employees within an organization (Jabbour, 2013). Those organizations that implement green HRM can, of course, better their footprint but also increase the engagement and motivation of employees, as well as their performance.

It has been shown that green recruitment and selection contributes largely to the process of recruitment and selection whereby organizations are able to get employees who are environmental conscious and are geared towards achieving sustainability. Organizations can hire new employees who would embrace green practices at their workplace by affecting selection and hiring processes (through inclusion of environmental qualities in job descriptions), selection procedures, and interviewing processes (Dumont, Shen, and Deng, 2017). Indicatively, the service sector studies show that the company with a focus on green recruitment is more likely to have more committed employees to the sustainability program and, more importantly, perform better overall (Renwick et al., 2013). Within the banking industry that is a very knowledge-intensive field, it is best to hire the staff that has a good grasp of environmental policies and practices and make sure that sustainability goals are integrated into daily operation (Khan and Ahmed, 2021).

Another important aspect of Green HRM is known as green training and development and it is designed to instill employees with skills and knowledge so that they can participate in the practices that are sustainable. According to Jabbour and Santos (2008), environmental training makes employees more aware of the green practices and promotes people to adopt environmentally friendly practices. Empirical research also demonstrates that when employees are systematically trained on green, they are more inclined to integrate sustainable practices in the working process, and the results of their business efficiency and performance are also more effective (Gupta and Sharma, 2020). As an example, in banks, green training can involve energy saving or paperless processes or sustainable client engagement training, which can improve the environmental performance and the productivity of the employees. Furthermore, it has been hypothesized that ongoing development prospects can help employees increase their satisfaction and engagement, and again green training is associated with improved job performance (Rashid, Aslam, and Anwar, 2020).

Green performance management incorporates sustainability in the appraisal systems and makes the individual inputs of the employees to the environmental objectives to be appreciated and assessed. Employees are judged not only by the classic performance indicators but also by their involvement into green activities, e.g. resource conservation; encouraging environmentally friendly processes (Dumont et al., 2017). The alignment helps to motivate employees focus on environmental goals of achieving a normal job. Within the banking industry, sustainability-related performance appraisals have the potential to encourage employees to embrace paperless payment systems, digital banking systems, energy-saving initiatives that will translate into the overall performance of an organization (Renwick et al., 2013). Research indicates that employees who feel that performance management is fair and related to significant sustainability objectives will exhibit an increase in engagement and productivity (Gupta and Sharma, 2020; Jabbour, 2013).

Green rewards and recognition is critical towards strengthening desired environmental behaviors. The employees can be motivated to engage in sustainability initiatives by means of monetary rewards, promotions, certificates, or even recognition among peers (Dumont et al., 2017). Employees in

organizations that have integrated green rewards in HRM system will have a stronger pro-environmental behaviour; this has a positive impact on individual and organisational performance (Jabbour and Santos, 2008). As an illustration, once banks adopt incentives of rewarding employees who manage to trim down on paper use or enhance energy efficiency, they will tend to achieve better motivation, productivity, and performance outcomes (Khan and Ahmed, 2021). Moreover, non-financial rewards, including recognition during meetings or newsletters, consolidate the environmental responsibility and create a culture of sustainability in the organization (Renwick et al., 2013).

Empirical studies emphasize the strong correlation between the implementation of Green HRM and the performance of employees. The research in different areas shows that green HRM plays a major role in job satisfaction, organizational commitment, and overall performance (Jabbour, 2013; Dumont et al., 2017). Within the banking industry, employees exposed to green HRM practices show an increase in task performance, a higher level of compliance with organizational policies, and efficiency that results in the enhanced outcome of the organization (Gupta and Sharma, 2020). Khan and Ahmed (2021) observe that in Pakistan, banks are paying more attention to green initiatives, including digital banking, eco-friendly branches, and paperless transactions, thus the topicality of Green HRM practices in enhancing the level of environmental and performance indicators.

Although there is increased awareness about Green HRM, a number of issues have been associated with its adoption. They are the low level of employee awareness, inadequate training, the absence of management support, and the ineffective matching of HR policies and sustainability goals (Renwick et al., 2013). Furthermore, in emerging economies such as Pakistan, the organizational culture, financial limitations, and change resistance may be an obstacle to green practices (Rashid et al., 2020). Research also indicates that organizational commitment, the support of leadership, and the articulation of the sustainability goals are the determinants of the effectiveness of the Green HRM practices (Jabbour and Santos, 2008). It is imperative to address such challenges so as to maximize the effects of Green HRM in influencing the performance of employees.

The mediating factor is also highlighted in the literature as the employee engagement and employee motivation and environmental awareness in the relationship between Green HRM practices and performance outcomes. Engaged employees are more inclined to demonstrate better levels of performance, creative solutions to problems, and voluntary efforts (Dumont et al., 2017). It becomes more engaged through a tool known as green HRM practices as the necessary knowledge, skills, and incentives allow employees to embrace eco-friendly behaviors in a virtuous cycle of sustainability and performance (Gupta and Sharma, 2020).

A number of researches have also involved the role of Green HRM in the service industries like the banking industry. As an example, Jabbour (2013) established that green HRM has a positive effect on the efficiency of employees and service quality in service-focused organizations. Equally, Dumont et al. (2017) revealed that companies with green HRM practices had high productivity and concurrence rates of employees and environmental compliance. These results indicate that the adoption of sustainability in HR practices is advantageous towards both the environmental goals and human resource performance.

Regarding Islamabad, Pakistan, the banking industry is under growing pressure to embrace environmentally friendly approaches because of new regulations, stakeholder demands, and the general opinion on the topic of sustainability (Khan and Ahmed, 2021; World Bank, 2020). Green HRM practices offer a strategic way of dealing with these pressures through employee involvement as active participants in sustainability. Green recruitment, training, performance management, and rewards systems will help

create a motivated, competent, and aligned workforce that will contribute to the sustainability goals of the organization.

To conclude, the available literature shows that Green HRM practices have a close relationship with employee performance, which involves motivation, engagement, and environmental awareness. Efficient green recruitment, training, performance management and reward systems do not only boost the environmental performance, but they also increase the employee satisfaction, commitment and productivity. In spite of implementation difficulties, Green HRM operations in banking industry in Islamabad is necessary in achieving organizational level and environmental performance. This paper is an extension of the earlier studies on the same subject by looking at the direct effectiveness of Green HRM on employee performance in the banking industry of Islamabad in contributing to the sustainability of organizations in terms of human resource management.

METHODOLOGY

This paper has used the quantitative research design in investigating how Green Human Resource Management (Green HRM) practices affect employee performance in the banking industry of Islamabad, Pakistan. Quantitative approach was considered appropriate since it would be possible to systematically measure and analyze the relationships among variables, with the help of which the researcher could make empirical conclusions regarding the impact of Green HRM on the performance of the employees (Creswell, 2014).

RESEARCH POPULATION AND SAMPLE

The sample of this paper was made up of the workforce of the public and privately-owned banks in Islamabad, both in managerial and non-managerial positions. Purposive sampling method was employed to identify employees who were directly engaged in activities that were affected by the Green HRM practices, i.e. attending environmental initiatives, green training or sustainable performance evaluation. The ultimate sample size was 120 respondents, which is considered sufficient for conducting statistical analyses such as correlation and multiple regression (Hair, Black, Babin, & Anderson, 2019).

DATA COLLECTION INSTRUMENT

Data were collected through a structured questionnaire designed to measure both independent and dependent variables. The questionnaire included the following sections:

1. Demographic Data: Sex, age, education, occupational role, and years of experience.
2. Green HRM Practices: The dimension measures were measured on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree):
 - Green recruitment and selection.
 - Green training and development.
 - Green performance management.
 - Green incentives and awards.
3. Employee Performance: Measured by self-reported item measures defined on the basis of task performance, organizational citizenship behavior, and overall productivity (Aguinis, 2013).
4. The questionnaire was based on the validated scales that were previously applied in research on Green HRM and employee performance (Jabbour and Santos, 2008; Dumont, Shen, and Deng, 2017), which guarantees that the content is valid.

DATA COLLECTION PROCEDURE

Before the collection of data, they obtained formal consent with the management of the sampled banks in Islamabad. The questionnaires were availed both face to face and through email in order to bring about convenience and increased response rates. The goal of the study was explained to the respondents and their confidentiality and anonymity were guaranteed. The data are collected during four weeks that provided 120 valid responses that were used in the final analysis.

DATA ANALYSIS

Data were analyzed using SPSS Version 26. The analysis involved multiple steps:

1. Descriptive Statistics: To generalize demographic information and the mean scores of Green HRM practices and employee performance.
2. Correlation Analysis: To test the relationships existing among various Green HRM practices and employee performance.
3. Multiple Regression Analysis: To establish the predictive role of Green HRM practices on employee performance.
4. The consistency of the scales was also checked by Cronbachs alpha, whose values greater than 0.70 means that the internal consistency is acceptable (Nunnally, 1978).

ETHICAL CONSIDERATIONS

The research was conducted within the ethical research standards. The participation was voluntary and the respondents could leave any time. The use of data was limited to the research purposes only, and no personal identifiers were documented to guarantee the confidentiality.

DATA ANALYSIS AND FINDINGD

The section provides the findings of the research conducted on the effect of Green HRM practices on employee performance in banking industry of Islamabad, Pakistan. They were analyzed in SPSS Version 26, and the analysis comprised the descriptive statistics, reliability analysis, correlation analysis, and multiple regression.

Demographic Profile of Respondents

Table 1 summarizes the demographic characteristics of the respondents.

Table 1: Demographic Profile of Respondents (N = 120)

Variable	Category	Frequency	Percentage (%)
Gender	Male	70	58.3
	Female	50	41.7
Age (years)	<25	14	11.7
	26-35	50	41.7
	36-45	36	30
	>45	20	16.6
Education Level	Bachelor	40	33.3

	Master	66	55
	MPhil/PhD	14	11.7
Job Experience (years)	<5	20	16.7
	6–10	48	40
	11–20	36	30
	>20	16	13.3
Bank Type	Public	64	53.3
	Private	56	46.7

Most of the participants were males (58.3%), aged between 26-35 years (41.7%), and had a Master degree (55). The majority of them were 6-10 years (40%), and employed in a public bank (53.3%).

Reliability Analysis

The reliability of the scales measuring Green HRM practices and employee performance was assessed using Cronbach's alpha.

Table 2: Reliability of Study Variables

Variable	No. of Items	Cronbach's Alpha
Green Recruitment & Selection	5	0.82
Green Training & Development	5	0.85
Green Performance Management	4	0.80
Green Rewards & Recognition	4	0.83
Employee Performance	6	0.88

All variables demonstrated Cronbach's alpha values above 0.70, indicating acceptable internal consistency (Nunnally, 1978).

Descriptive Statistics

Table 3 presents the mean scores and standard deviations of Green HRM practices and employee performance.

Table 3: Descriptive Statistics of Green HRM Practices and Employee Performance

Variable	Mean	SD	Interpretation
Green Recruitment & Selection	3.65	0.78	Moderate-High
Green Training & Development	3.78	0.75	High
Green Performance Management	3.60	0.80	Moderate-High
Green Rewards & Recognition	3.72	0.77	High
Employee Performance	3.80	0.74	High

Respondents reported higher satisfaction and engagement with green training and green rewards, which corresponded to higher employee performance.

Correlation Analysis

Pearson correlation was used to examine the relationship between Green HRM practices and employee performance.

Table 4: Correlation between Green HRM Practices and Employee Performance

Variable	Employee Performance
Green Recruitment & Selection	0.48**
Green Training & Development	0.56**
Green Performance Management	0.45**
Green Rewards & Recognition	0.52**

Note: ** $p < 0.01$

Employee performance had a positive and significant relationship with all Green HRM practices. The relationships between green training ($r = 0.56$) and green rewards ($r = 0.52$) and performance were the most significant.

Multiple Regression Analysis

A multiple regression analysis was conducted to examine the predictive impact of Green HRM practices on employee performance.

Table 5: Multiple Regression Analysis of Green HRM Practices Predicting Employee Performance

Predictor Variable	B	SE B	β	t	p
Green Recruitment & Selection	0.28	0.07	0.24	3.89	.000
Green Training & Development	0.35	0.08	0.30	4.38	.000
Green Performance Management	0.25	0.07	0.22	3.57	.001
Green Rewards & Recognition	0.33	0.07	0.28	4.71	.000

Model Summary: $R^2 = 0.58$, $F(4,115) = 39.5$, $p < 0.001$

According to the regression model, Green HRM practices explain 58% of the variance in employee performance. The most influential predictors were green training and green rewards.

Insights from Open Ended Questions

Respondents provided additional comments on Green HRM practices:

- Training programs: These were seen to be very helpful in increasing sustainability awareness.
- Incentives and appreciation encouraged employees to resort to environmentally-friendly practices.
- Some of the respondents proposed more regular assessment and rewards to strengthen pro-environment behavior.
- Green recruitment criteria were efficient, but it would be more standard between banks.

These qualitative insights support the quantitative findings, emphasizing the critical role of training and reward systems in driving employee performance.

Summary of Finding

1. The descriptive analysis reveals that the employees have positive perceptions of Green HRM practices with the most scores on training and rewards.
2. Correlation analysis proves that there is a strong positive correlation between all the dimensions of Green HRM and employee performance.
3. Regression analysis shows that the overall Green HRM practices explain 58 percent of the variation in employee performance.
4. The most effective predictors of performance are the green training and the green rewards.
5. The qualitative feedback is in line with the quantitative data which supports the significance of the long term green initiatives to improve employee engagement and performance.

CONCLUSION

The current research examined how the Green Human Resource Management (Green HRM) practices influence the performance of employees in the banking industry of Islamabad, Pakistan. The study indicated that Green HRM practices such as green recruitment and selection, green training and development, green performance management, and green rewards and recognition have a high positive impact on employee performance.

Descriptive statistics revealed that green training and green rewards were rated as the most influential practices since they are critical in motivating employees and improving their performance at the workplace. Correlation test was used to ensure that all the dimensions of Green HRM were positively correlated with employee performance, with the best relationship being that between green training ($r = 0.56$) being associated with green rewards ($r = 0.52$). The regression analysis also indicated that the practices of Green HRM in totality accounted 58 percent of the variation in employee performance, and sustainability-oriented HR practices played a significant role in the organizational results.

These quantitative results were supported by qualitative feedback by the respondents which stated that, the employees appreciate training programs, recognition and reward systems that reinforce pro-environmental behavior. The paper concludes that effective Green HRM practices not only help in creating sustainability but improve employee engagement, productivity and the overall performance of the organization.

RECOMMENDATION

Based on the findings, the following recommendations are proposed for banking sector organizations in Islamabad:

1. Improve Green Training: Banks ought to invest in all round environmental training programs where employees are sensitized on sustainability awareness, knowledge and skill on sustainability. The training must be both regular and practical as well as be role based.
2. Adopt Reward and Recognition Systems: Organizations ought to develop monetary and non-monetary rewards on employees who take initiative to join the green initiatives. The recognition programs may be in the form of certificates, social recognition or promotion.
3. Adopt Green Requirements in Recruitment and Selection: Banks must focus on the idea of environmental awareness when recruiting new staff members by incorporating sustainability-related skills in the job descriptions and interview questions and hiring guidelines.

4. Enhance Green Performance Management: Performance appraisal mechanisms need to adopt both environmental objectives and the conventional performance measures. Investment in the sustainability efforts should be assessed and be giving feedback to employees on their performance.
5. Create a Green Organizational Culture: The senior management should also encourage a sustainability culture through promotion of environmental friendly practices, awareness creation programs, and acting as examples of green practices.
6. Policy Development and Standardization: Guidelines to Green HRM practices should be given by policy makers and banking associations, such that there is a standardization and uniformity in the observance of the practice by both the public and the private banks.
7. Make Green Practices Visible: Organizations ought to monitor and evaluate the success of Green practices of HRM by conducting periodically surveys, performance measurements, and feedback to determine how the practices can be enhanced.
8. Promote Employee Participation: The employees are supposed to be consulted about the decision of the green initiative. It may boost motivation and performance by participating in green committees or sustainability projects.

Through these recommendations, Green HRM practices can be fully realized at banks resulting in better employee performance, increase in organizations productivity and an enhanced desire to be environmentally sustainable. Green HRM does not only solve the environmental challenges but it also develops an enthusiastic, productive, and committed workforce that can help the bank achieve the long term strategic goals.

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