

Impact of Green Human Resource Practices on the Customer's Perception in Banking Sector

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Abstract

Green Human Resource Practices refers to the environment friendly Human Resource practices applying in all the sectors. This study refers to the implementation of Green Practices in the banking sector also examine the impact of these green initiatives on Customer' Perceptions. It examines a variety of green techniques, such as energy efficiency, waste management, sustainable investments, and laws that protect the environment. The current study focuses on examining customers awareness of Green Practices, determining the most popular green technique used in banks, examining customer attitudes toward Green Practices, and examining the difficulties encountered in relation to green activities. Data were collected through a structured questionnaire distributed to customers in the western Uttar Pradesh region, with hypothesis testing conducted using SPSS. The results indicate a moderate positive correlation between green practices and customer perceptions, with regression analysis confirming a significant positive impact of green practices on customer satisfaction.

Keywords- Green Human Resource Practices, Employees Perception

1.Introduction:

Green Practices encompasses Human Resource Policies aimed at conserving natural resources and promoting environmental sustainability. These practices not only reduce costs and enhance efficiencies but also foster green awareness among employees and encourage eco-friendly behaviors. Green practices implemented in bank for the awareness among the customers regarding sustainable practices and utilization of resources in efficient manner. Green Credit card, Green loans, online banking services are some practices provided by the bank in ecofriendly manner. This is not only reducing carbon footprints but also impact on the organizational performance.

1.1 Need of Green Practices in Banking:

The integration of green practices in the banking sector is essential for several reasons, ranging from environmental sustainability to enhancing Organizational Performance and Customer Satisfaction. Here are the key reasons why Green Practices are crucial in banking:

- Diminishing ecological footprints
- Prioritizing social and environmental considerations
- Fostering a collaborative effort towards sustainability
- Enhancing Employee Commitment and Satisfaction
- Environmental Responsibility
- Cost Savings
- Regulatory Compliance
- Enhanced Reputation
- Risk Management

1.3 Functions of Green HRM include:

- Green Recruitment & Selection practices
- Green Training and Development programs
- Green Performance Management

- Implementing green compensation policies, among others.

1.4 Green Recruitment & Selection practices-

Green Recruitment and Selection (GRS) is an emerging practice within Green Human Resource Management (GHRM) that is gaining traction among researchers, such as Bauer et al. (2012), Milliman (2013), and Jepsen and Grob (2015). GRS involves the process of identifying and hiring candidates who are environmentally conscious and committed to enhancing environmental performance (Tang et al., 2018). Despite economic fluctuations, Green Recruitment remains crucial and is deeply rooted in traditional recruitment practices (Morin et al., 2011). Effective Green recruitment not only aids in the initial hiring phase but also supports subsequent stages like Green Training, development, and Employee Engagement in environmental initiatives.

1.5 Green Training and Development Programs

Green Training and Development practices focus on minimizing waste, utilizing resources efficiently and effectively, conserving energy, and preventing environmental degradation. These Green practices provide a means to enhance employees' green skills and emphasize the importance of environmental sustainability (Ullar, 2017). Consequently, green training and development should include seminars and workshops that equip employees with the necessary knowledge and skills to manage the environment effectively, encouraging pro-environmental behaviors and eco-friendliness (Hosain & Rahman, 2016). Key topics such as energy, safety, recycling, and waste management should be prioritized in training programs (Genty, 2021). Additionally, incorporating green training and development into induction programs for new employees fosters a stronger commitment to environmental protection, as these comprehensive induction sessions help new hires understand the organization's green management policies and procedures (environmental sustainability).

1.6 Green Performance Management-

Performance Management (PM) involves encouraging employees to improve their professional skills to better achieve organizational goals and objectives. Performance Management is shaped by the recognition of the corporate strategy. With Environmental Management (EM) impacting global business strategies, Performance management is also being positively influenced by the environmental movement. Green Performance Management addresses environmental concerns and company policies, emphasizing environmental responsibilities. Epstein and Roy (1997) found that integrating environmental performance into Performance Management systems helps HR managers protect against environmental damage. Nowadays, some companies address Performance Management by implementing company-wide environmental performance standards and using green information systems and audits to collect valuable data on environmental performance (Marcus & Fremeth, 2009).

2.Literature Review

A literature review is an extensive synthesis of previous research on a topic. The literature review looks at academic publications, books, and other materials that are relevant to a certain topic of research. In the review, the previous research should be enumerated, explained, summarized, objectively assessed, and clarified. It assisted in defining the study's scope and supplied a theoretical foundation.

Kon et al., (2022) examined how environmental performance affects employees and business outcomes. The results of this study confirmed that implementing Green HR practices has a favorable impact on environmental sustainability as well as employee innovation and output. Positive developments were also noted in the areas of green hiring and selection, green performance and appraisal, green compensation and incentives, and green training and development.

Ren et al., (2022) study aimed to close a gap in the literature. Green HRM claims that the company's motivated and engaged staff is responsible for its improved financial and environmental performance. The results clarified the fundamental reasons and driving forces behind green HRM at the corporate level and emphasized the strategy HRM literature's sometimes underappreciated significance for environmental management. We also discuss the theoretical and practical implications in this study.

Alshaabani et al., (2021) The impact of green human resource management (HRM) initiatives on environmental performance and green work involvement in renewable energy departments. It demonstrated the significance of green incentives, green training, and green performance management for organizational growth.

Singh (2020) stated that Green Human Resource Management and Green Transformational Management encompass eco-friendly new ideas, Innovations, and Employee Performance about environmental challenges. Environmental Performance was used as the dependent variable and green innovation as the independent variable. The effects of green innovation on employees' environmental performance are flipped secondary by Green Human Resource Management.

Verma et al., (2017) assert that the productivity of a company can be enhanced by the positive benefits of GHRM practices, such as the green performance management and assessment process, green induction, green training and development, and green recruitment and selection process.

3. Research Question/Problem Statement

Research questions or problem statement are the base of all the research which actually a question/query comes in researcher mind and clicked first on what he is going to do his research. These are some questions which arises in mind of researcher:

- 3.1 Is there any relation between Green Practices implemented in bank and Customer Perception?
- 3.2 Is there any impact of Green practices implemented by the bank on the perception of customers?

4. Objectives-

A research objective is a concise statement of aim of study by which research defines what exactly he is going to do. The objective of my research is as follow:

- 4.1. To investigate the relationship between Green Practices of banks and Customer's Perception.
- 4.2. To find the impact of Green Practices on Customer's Perception.

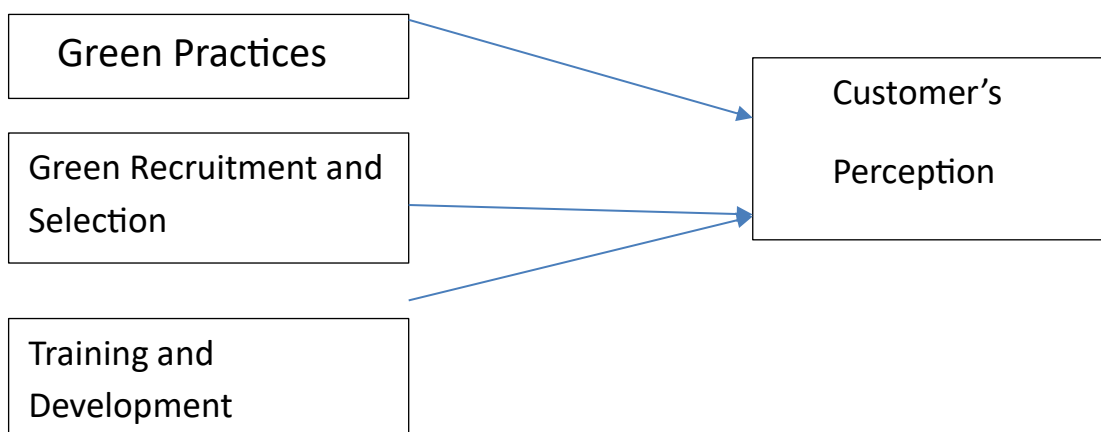
5. Hypothesis- An assumption, or a concept put up for the purpose of debate and then evaluated to see if it holds true, is called a hypothesis. In the scientific method, aside from a preliminary background assessment, the hypothesis is developed before any relevant study has been conducted. As per the above Research objectives the null hypothesis is as follow-

Ho1-There is no relationship between Green practices and customer perception.

Ho2-There is no any impact of Green Practices on Customer Perception.

6. Research Methodology- The study utilized a descriptive and analytical research design to gain insight into customer Perceptions of Green Practices implemented by the banks. Primary data was gathered through a structured questionnaire distributed among customer in the banking sector, while secondary data was sourced from articles, journals, and websites. The study focused on customer from various banks in western Uttar Pradesh region by Random sampling. A sample size of 60 was chosen for analysis. Data from the questionnaire will analyze using a Likert scale, with hypothesis testing conducted through SPSS.

Conceptual Frame work:



Demographic information of respondents

Table 1 Demographic information of respondents.			
Category	Response	Frequency	Percentage (%)
Sex			
	Female	23	44.23
	Male	29	55.76
Age (years)			
	25-30	32	61.53
	31-35	15	28.84
	35-40	4	7.69
	Above 40	1	1.9
Bank Name			
Private Bank		32	61.53
Public Bank		20	38.46
Total		52	100

7. Reliability Analysis:**Reliability Statistics**

Cronbach's Alpha	N of Items
.707	11

The questionnaire is distributed among 60 customers, in which only 52 are responded. As per the data collected by questionnaire we checked the reliability of the data through the Cronbach's alpha in SPSS. The value of Cronbach's alpha is greater than 0.7 hence the data is reliable and parametric also. Which is shown by the table.,

To investigate the relationship between Green practices and customer perception, **The researcher applied correlation analysis in SPSS software.** The table after applied the test is below:

Correlations

		GREEN PRACTICES	CUSTOMER PERCEPTION
GREEN PRACTICES	Pearson Correlation	1	.522**
	Sig. (2-tailed)		.000
	N	52	52
CUSTOMER PERCEPTION	Pearson Correlation	.522**	1
	Sig. (2-tailed)	.000	
	N	52	52

Interpretation:

GS- indicates Green Practices

CS -indicates Customer Perception

Pearson Correlation Coefficient:

A value of 0.522 indicates the moderate positive correlation between Green Practices and Customer Perception. In other words, as Green Practices increase, Customer Perception tends to increase as well.

Significance (Sig. or p-value):

The p-value is 0.000 which is much less than 0.050, the correlation between Green Practices and Customer Perception is statistically significant. This means that there is strong evidence to suggest a meaningful relationship between these variables.

Because the P value is less than 0.05 than null Hypothesis 1 is rejected. It is statistically proven that there is a positive relationship between customer perception and Green Practices.

Regression Analysis:

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	2.238	0.34		6.587	0		
	GS	0.303	0.12	0.335	2.513	0.015	1	1

Interpretation:

B (Constant): 2.238

This is the y-intercept of the regression line. It represents the expected value of the dependent variable (Customer Satisfaction, CS) when the independent variable (Green Practices Score, GS) is zero. In this case, when GS is zero, the predicted customer satisfaction score is 2.238.

B (GS): 0.303

This is the slope of the regression line. It indicates that for each unit increase in the green practices score, the customer satisfaction score is expected to increase by 0.303 units.

Standardized Coefficients

Beta (GS): 0.335

This is the standardized coefficient for the green practices score. It indicates the strength and direction of the relationship between GS and CS in standardized terms. A Beta of 0.335 means that GS has a moderate positive effect on CS.

t (t-Statistic)

t (Constant): 6.587

t (GS): 2.513 The t-statistic tests whether the coefficient is significantly different from zero. For GS, a t-value of 2.513 indicates that the coefficient is significantly different from zero at the 0.015 significance level.

Sig. (Significance Level)

Sig. (Constant): 0.000

Sig. (GS): 0.015

The p-value indicates the probability that the coefficient is not significantly different from zero. For GS, the p-value is 0.015, which is less than the typical alpha level of 0.05, indicating that the effect of green practices on customer satisfaction is statistically significant.

The constant (intercept) value is 2.238, suggesting that the baseline customer satisfaction score is 2.238 when green practices score is zero.

- The coefficient for GS is 0.303, indicating that an increase in green practices score by one unit is associated with an increase in customer satisfaction by 0.303 units.
- The relationship between GS and CS is statistically significant ($p = 0.015$).
- There is no multicollinearity issue in the model, as indicated by the tolerance and VIF values.

These results suggest that green practices have a positive and significant impact on customer satisfaction.

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	6.167	1	6.167	6.317	.015 ^b
Residual	48.814	50	.976		
Total	54.981	51			

a. Dependent Variable: CS is Customer Satisfaction

b. Independent Variable: GS is Green Practices

To find the impact of Green practices on Customer Perception the researcher applied Regression analysis in SPSS.

The results find in SPSS are as follow:

Interpretation:

- The F-statistic (6.317) and its associated p-value (0.015) indicate that the regression model provides a statistically significant fit to the data. This suggests that the predictor Green Practices significantly explains the variance in the dependent variable Customer Satisfaction.
- The Sum of Squares for the regression (6.167) indicates how much of the total variation in Customer Perception is explained by Green Practices. The residual Sum of Squares (48.814) represents the unexplained variation. It means if Customer Perception will significantly change with the use of Green Practices.
- **Since the p-value is less than 0.05, the null hypothesis is rejected so there is a positive impact of green practices on Customer perception on banking sector.**

Conclusion: The research confirms that the implementation of green practices in the banking sector positively influences customer perceptions. The correlation analysis reveals a moderate positive relationship between green practices and customer satisfaction, indicating that as banks increase their green initiatives, customers' perceptions improve correspondingly. The regression analysis further supports this finding, showing a statistically significant positive impact of green practices on customer satisfaction. The study highlights the importance of green human resource management practices, such as green recruitment, training, and performance management, in fostering environmental sustainability and enhancing customer satisfaction. The results suggest that banks that prioritize green practices not only contribute to environmental conservation but also improve their organizational performance and reputation. These findings underscore the necessity for banks to integrate green practices into their operations to meet customer expectations and promote sustainable development in the financial sector.

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