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How Green HRM Practices Affect Employee Environmental Performance in the Banking Industry of Southern Punjab, Pakistan: The Mediating Effects of Green Psychological Climate and Environmental Commitment

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ABSTRACT

With rising environmental challenges, organizations have been turning to green human resource management (HRM) as a means of encouraging employee behaviors that would increase sustainability. Based on Resource-Based View (RBV), Social Exchange Theory (SET), and Social Identity Theory (SIT), the paper analyses the impact of Green HRM practices on employee environmental performance within the banking industry in Southern Punjab, Pakistan with reference to HBL, NBP, BOP, UBL, and Meezan Bank Limited. The paper also examines the parallel mediating effects of green psychological climate and environmental commitment in the relationship between green HRM practices and employee environmental performance. Based on a cross-sectional survey, data were collected from 387 respective bank employees using convenience sampling technique. The collected data used to test seven hypotheses using structural equation modeling (SEM) in AMOS with five direct effects and two mediating effects. The results affirm that green HRM practices significantly impacts green psychological climate, environmental commitment, and employee environmental performance, and also both mediators help to transmit the effect of Green HRM practices on environmental performance positively. The study adds to theory by combining cognitive (climate) and attitudinal (commitment) processes to the research of Green HRM and to provide practical advice to banks in Southern Punjab to develop HR initiatives that reinforce sustainable behavior and environmental performance.

KEYWORDS

HRM Practices, Green Psychological Climate, Environmental Commitment, Employee Environmental Performance, Southern Punjab, Banking Industry, Pakistan.



INTRODUCTION

The increasing ecological pressures, stakeholder demands, and governmental regulations have propelled environmental sustainability as a key strategic issue to organizations around the world (Ahmad et al., 2023). Modern organizations have come to appreciate that attainment of environmental performance entails not just technological innovation and policy intervention but also employee involvement in sustainability activities (Renwick, Redman, & Maguire, 2013; Shahzad, Jianguo, & Junaid, 2023). Green HRM applies green values and practices to the HR role to make employees environmentally responsible (Papademetriou et al., 2025). In developing economies such as Pakistan, where the environmental degradation, energy use, and climate-associated risks are the subjects of significant policy concern, the idea of organizational sustainability becomes urgent. Although banks do not pollute the environment to the extent that the manufacturing sectors do, they play significant roles in the sustainable development through funding green projects, paperless operations, and greener workplace cultures (Siddiqui, Zafar, & Pirzada, 2024). The Southern Punjab banking sector comprising of Multan, Bahawalpur and Dera Ghazi Khan is a dynamic place where banks both government and privately operated, such as HBL, NBP, BOP, UBL and Meezan Bank Limited have begun to embrace sustainability-based HR practices.

Recent research indicates that HRM practices have the capability to impact employees' environmental beliefs and behaviors in a significant way by establishing a supportive organizational environment, often described as a green psychological climate (Dumont, Shen, & Deng, 2017). When employees feel that their firm cares regarding environment, teaches them the necessary knowledge, and rewards sustainable practices, they build a common ground that leads to collective green behavior. Likewise, employee environmental commitment refers to the emotional and moral attachment to environmental objectives has been cited as a major attitudinal component that motivates employees to perform even more than the official employment duties about sustainability (Ahmad et al., 2023). In spite of these learnings, studies that focus on both green psychological climate and environmental commitment as parallel mediators of Green HRM and environmental performance are scarce, particularly in the banking sector in Pakistan.

Theoretically, the present research uses three established schools of thought to describe the interrelationship between green HRM practices, green psychological climate, environmental commitment, and environmental performance. First, Social Exchange Theory (SET) (Blau, 1964) assumes that support from the organization is reciprocated through positive behaviors of employees. Banks that engage in green HRM practices like offering environmental training or rewarding green performance workers feel supported and act in a more committed and environmentally responsible manner. Second, the Resource-Based View (RBV) (Barney, 1991) defines green HRM as a strategic resource, which develops green knowledge, skills and motivation among employees, and contributes to environmental performance. Third, the Social Identity Theory (SIT) (Tajfel & Turner, 2001) describes how the green psychological climate leads to identification with the environmental values of the organization, which motivates employees to behave in eco-friendly manners.

The contribution of this research is that it advances the green HRM literature to the relatively under-researched setting of banking industry in Pakistan, which provides insights applicable to both private and government institutions. Second, it incorporates two mediators psychological climate and environmental commitment to give a more detailed model of Green HRM driving environmental performance. Third, it adds to theory by integrating RBV, SET, and SIT to elucidate the multi-level processes connecting HRM practices, psychological perceptions, and employee outcomes. In practice, the results will inform the bank management and HR professionals to formulate effective green HRM policies that foster an enabling climate, enhance employee commitment, and long-term environmental performance.

LITERATURE REVIEW



Theoretical Foundations

Strong theoretical basis makes the argument more compelling that Green HRM practices do affect employee environmental performance based on the psychological and attitudinal processes. The connections between Green HRM, green psychological climate, environmental commitment, and employee environmental performance are explained by three theories: Social Exchange Theory (SET), Resource-Based View (RBV), and Social Identity Theory (SIT). Fig 1 shows the research framework.

Social Exchange Theory (SET)

Social Exchange Theory introduced by Blau (1964), describes social behavior as the outcome of exchanges between individuals and their organizations. Employees who feel that their employer supports, trusts, or invests in them feel compelled to give back in terms of positive attitudes and practices. Concerning green HRM, SET offers a strong argument on how green HR practices influence psychological and behavioral outcomes amongst employees. Green HRM practices are indication of organizational encouragement of environmental responsibility (Renwick, Redman, & Maguire, 2013). Such practices, according to SET, bring a perception of reciprocity: employees notice that firm is pertinent regarding their values and is investing in the greater well-being of society, which in turn elicits stronger environmental, and green behaviors (Aboramadan, Kundi, & Becker, 2022). This is a reciprocal mechanism that is empirically supported. Ahmad et al. (2023) highlighted that workers who are subjected to regular green HR policies fostered greater environmental commitment, which in turn contributed to better environmental performance. In banking organizations in Southern Punjab where HR activities form the core of the culture, SET can be used to explain why sustainable HR practices in banks motivate workers to work towards environmental performance objectives (Imtiaz, Haider, & Hassan, 2022). Therefore, SET supports the associations between Green HRM and psychological climate as well as commitment in the current study.

Resource-Based View (RBV)

Resource-Based View (RBV), developed by Barney (1991), holds that organizational advantage is based on the availability of substantial, unique, and irreplaceable resources in the organization. In modern studies on sustainability, RBV has been expanded to encompass environmental and human capital resources (Jabbour & de Sousa Jabbour, 2016). Using the RBV in this case, Green HRM is a strategic asset developing the environmental competencies, motivation, and involvement of employees, therefore, leading to better environmental performance. Green training, green-focused performance systems and sustainable leadership development banks improve green knowledge, skills, and abilities (KSAs) of employees through structured HR practices (Renwick, Redman, & Maguire, 2013). These abilities are an internal strength that cannot be easily replicated by competitors. Ahmad et al. (2023) emphasizes that companies investing in green capabilities score higher on environmental indicators than others as a result of the specialized skills and motivation generated among workers. This framework is particularly applicable pertaining to Pakistan's banking industry: banks are now competing based on social and environmental credibility instead of financial products alone. Banks such as HBL, NBP and Meezan Bank establish green human capital as a key competency when they develop HR systems that focus on eco-efficiency and paperless operations. Therefore, the RBV supports the correlation between Green HRM and environmental performance, explaining that human capital created by HR systems is a strategic source of sustainable advantage.

Social Identity Theory (SIT)

Tajfel & Turner (2001) developed Social Identity Theory (SIT) believes that individuals desire a sense of belonging and self-worth within social groups. In organizations, employees associate themselves with values and norms that are embraced by the institution (Ren et al., 2023). SIT is applied in this research to illustrate the role of the green psychological climate as a social cue that leads to identification with environmental goals. A powerful green message is that environmental responsibility is a key to organizational success. When employees associate themselves with this climate, they tend to exhibit pro-environmental behaviors like saving energy, minimizing wastes, and engaging in sustainability projects



(Alherimi et al., 2024). Zafar et al. (2025) established that a green climate encourages identification with environmental values, which ultimately boosts green service behavior among employees. In the banking environment of Southern Punjab where employees deal with communities and customers as much as they do, identification with a green bank image is a source of motivation to act in uniform with its sustainability mission. SIT thus supplements SET and RBV by elaborating on the motivational and identity-based mechanisms by which green psychological climate alters HR initiatives to real performance results.

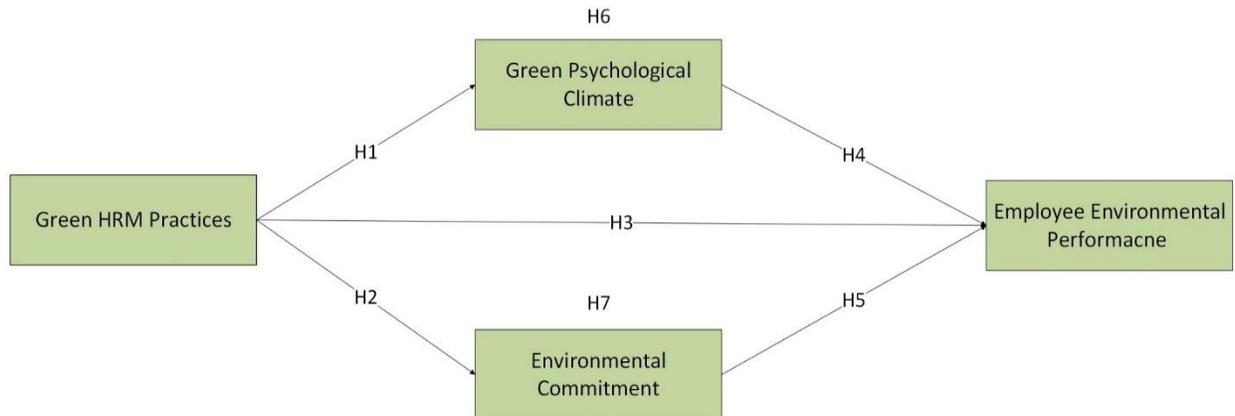


Figure 1: Research Framework.

RESEARCH HYPOTHESES

Green HRM Practices

Green HRM is a strategic mean that facilitates organizations to inform workers of their green priorities. As SET indicates, employees who see HR systems focused on sustainability, training, recruitment, and reward systems, perceive that the firm is committed towards ecological preservation (Blau, 1964). This image creates a green psychological climate (Li et al., 2025). Ye et al. (2022) noted that green climate perception was higher in organizations that adopted green training and involvement practices. Similarly, Khan et al. (2025) highlighted that Green HRM is a strong driver of psychological climate, which in turn boosts green service behaviors in Pakistani service organizations. The banking sector of Southern Punjab, where management decisions are mostly hierarchical, the institutionalization of HR-based green policies facilitate employees to view sustainability as a normative aspect of the organization. Green HRM, therefore, serves as a catalyst that generates shared environmental consciousness and standards in work environments (Afum et al., 2021).

According to SET, investments in the organization result in employee payback. By adopting green HRM practices like sustainability-based rewards and environmental appraisals, employees understand them as the actual organizational concern to the welfare of the society (Yorulmaz, 2025). This image evokes emotional interest and moral obligation to environmental objectives, which constitute employee environmental commitment. Ahmad et al. (2023) discovered that HRM practices, which are environmentally oriented, enhance the commitment of employees to green goals, thereby significantly impact performance. Likewise, Aboramadan, Kundi, & Becker (2022) indicated that perceived environmental support promotes organizational identification and commitment. Employee commitment in the banking sector appears in terms of involvement in eco-initiatives and compliance with paperless operations. Therefore, green HRM is a contributing factor to the attitudinal groundwork required to support long-term environmental performance.

RBV views HRM as a set of desirable capabilities that drive organizational performance (Barney, 1991). Green HRM provides employees with skills and motivation to engage in environmental responsible behaviors through systematic training, performance appraisals, and rewards. Once incorporated in day-to-day work,



these competencies become high-level environmental performance of employees (Amjad et al., 2021). Likewise, Aboramadan, Kundi, & Becker (2022) established that green-oriented organizations show greater ecological performance among employees. Green HRM positively impacts environmental performance in Pakistani banks, where energy conservation and reduced paper consumption are the aspects of environmental performance, directly by delivering knowledge and incentives that resonate with sustainability objectives.

H1: Green HRM practices significantly impact green psychological climate.

H2: Green HRM practices significantly impact environmental commitment.

H3: Green HRM practices significantly impact employee environmental performance.

Green Psychological Climate

SIT offers an understanding of how perception of a supportive environment leads to identification with organizational objectives (Tajfel & Turner, 2001). The green psychological climate makes the employees believe that environmental responsibility is a collective organizational value, which encourages them to act in line with it. Under these conditions, employees are eager to engage in green practices, save energy, and demonstrate sustainable practices (Naz et al., 2023). The green psychological climate is significantly associated to ecological activities (Fatoki, 2023). When serving customers and operating branches, employees in banks that have a perceived high level of green climate are more willing to perform sustainability related activities that directly increase ecological performance (Chen et al., 2022).

H4: Green psychological climate significantly impacts employee environmental performance

Environmental Commitment

Employees who are committed internalize organizational values and therefore deliver sustained behavior which ensures organizational sustainability. Such commitment makes the environmental goals personal, and they motivate the employees to work in an eco-friendly manner (Elshaer et al., 2024). Memon et al. (2022) demonstrates that employee commitment to environmental causes improves environmental performance Likewise, Nasir et al. (2023) found that green commitment mediates HR practices and sustainable outcomes. Environmentally aware employees at the banking sector in Southern Punjab can facilitate the adoption of energy-saving operations and influence their colleagues to adopt green initiatives, which will result in improving overall performance.

H5: Environmental commitment significantly impacts employee environmental performance

Green Psychological Climate and Environmental Commitment as Mediators

Green psychological climate is a social-cognitive process that converts green HRM policies into practice. When employees recognize that HR systems are focused on sustainability, this perception shapes their shared knowledge of environmental norms, which subsequently results in improved environmental performance (Miah et al., 2024). Dumont, Shen, & Deng (2017) affirmed that climate perceptions function as an intermediary between HRM and eco-friendly initiatives. Thus, the influence of green HRM on ecological outcomes amongst bank employees is predicted to mediate through a green psychological climate.

Green HRM and environmental performance are connected through an attitudinal bridge of employee environmental commitment. Under SET, employees feel compelled to give back to firm via sustainability commitment and conduct that promote the green agenda of the organization through sustainable HR practices (Saeed et al., 2019). Aboramadan, Kundi, & Becker (2022) recognized that employee commitment is a significant mediator of green HRM and green performance outcomes. Thus, Green HRM in Pakistani banks should have an indirect positive influence on environmental performance by promoting employee's environmental commitment.

H6: Green psychological climate mediates the relationship between green HRM practices and employee environmental performance.



H7: Environmental commitment mediates the relationship between green HRM practices and employee environmental performance.

RESEARCH METHODS

The research used a quantitative, cross-sectional study to examine the impact of green HRM practices on employee environmental performance mediated by green psychological climate and employee environmental commitment in the Pakistan's banking industry. The quantitative method enables testing of the hypothesized associations between two or more latent constructs by use of validated scales and statistical models. The target population consists of employees in commercial banks (both public and private) in Southern Punjab which includes Multan, Bahawalpur, and Dera Ghazi Khan. These are main financial centers where banks have progressively embraced sustainability and paperless processes. The chosen institutions were HBL, NBP, UBL, BOP, and Meezan Bank Limited. Convenience sampling was used due to time and accessibility constraints.

450 questionnaires were sent to employees, with 387 valid responses being received, which yielded a response rate of 86%, enough to carry out a SEM analysis (Hair, 2014). Both paper-based and online surveys (using Google forms) were employed to gather data between May and June 2025. Bank branch managers and HR officers supported data distribution by organizational approval. To ensure that the items are clear and reliable, a pilot survey of 40 Multan respondents was carried out before the full-scale survey. The main aim of the pilot study was to test the understandability of the questionnaire items, the suitability of wording, and internal consistency of different constructs before the actual data was collected at large scale. Participant feedbacks were critically analyzed to detect ambiguous or repeated statements. According to their recommendations, slight changes to the wording were made to improve readability and relevance to the banking work environment. No substantial structural adjustments were needed because respondents were mostly able to understand the questionnaire and learn its relevance to their working life experience. Cronbach alpha (α) was used to test internal reliability by analyzing pilot data. The pilot test had Cronbach (α) value more than 0.70, validates internal consistency. The respondents received information on study goals, confidentiality, and voluntariness. No identifiable information was gathered, and anonymity was observed. Validated scales of previous research were employed to assess all constructs and rated on a 5-point Likert scale. Each construct had four items to maintain reliability, parsimony, and model adequacy. The data were analyzed using AMOS software. Two-step SEM was used: first, measurement model analysis was conducted to measure construct reliability and validity with confirmatory factor analysis (CFA). Second, structural model analysis was carried out to test the proposed hypothesis. The bootstrapping method was employed to assess the mediation impact.

ANALYSIS

Demographic Information

The demographic data of the respondents also proved helpful in understanding how the banking employees are composed in Southern Punjab. It showed that 59% of the respondents were men and 41% were women, reflecting an average gender disparity in the banking industry of the region, with male workers slightly exceeding. In terms of age, most respondents (61%) were aged between 25-40 years, which reflects a young and productive group of employees. In the meantime, 22% were less than 25 years suggesting the existence of young employees, and 17% were above 40 years suggesting a smaller yet more experienced cohort of senior professionals. In terms of education, most of the respondents (68%) possessed graduate or postgraduate qualifications, which aligns with the high education levels that are typically required in the banking field. About 24% possessed intermediate level degrees and the low percentage (8%) possessed professional qualification (CA or other related degree in finance). Regarding the organizational tenure, 38% of the workers had an organizational tenure of 1-5 years, 33% had 6-10 years, and 29% had 10 years or more, indicating a balanced proportion of both experienced and relatively new workers. Pertaining to employment status, 38% of the respondents were front line employees (e.g., tellers, customer care employees), 29% were middle-level officers and 18% were branch managers or senior executives, with 15% being employed in support or



administrative roles. Finally, employment type analysis indicated that 82% of the respondents were permanent employees, and 18% were contractual or probationary employees, indicating that majority of the participants had a stable relationship with their employers in terms of employment.

Measurement Model

Confirmatory factor analysis (CFA) was performed to test the sufficiency of the proposed constructs and whether each of the observed variables effectively measured its respective latent construct (Hair Jr. et al., 2016). The factor loadings were all higher than the recommended threshold of 0.6, which means that each item was a strong predictor of its latent variable. Seven indices were employed to evaluate the model fit, presented in Table 1. All these indices are used to estimate the fit of the hypothesized model to the data (Bentler, 1990; Hu & Bentler, 1998). As indicated in Table 1, all indices were within the recommended thresholds. The CMIN/DF of 1.581 is significantly lower than the cutoff of 3.0 meaning that the model is fitting well. Likewise, the CFI (0.956), NFI (0.951) and GFI (0.904) values are above 0.90, which indicates a good model adequacy. RMR (0.038) and SRMR (0.036) error indices are lower than 0.08, indicating that there are no significant residuals, and RMSEA (0.066) does not exceed the range of acceptable error (Hu & Bentler, 1998).

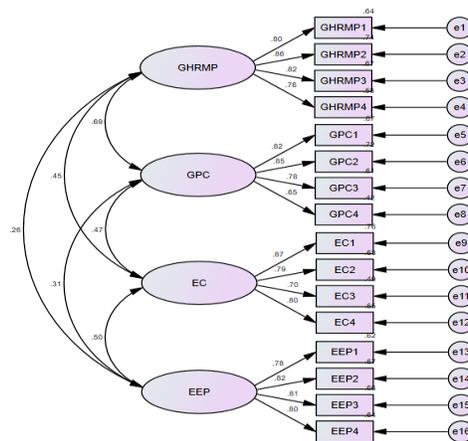


Figure 2: Confirmatory Factor Analysis.

Table 1: Measurement Model Fit Metrics.

Metrics	Recommended Values	Scores
X ² /df	< 3.0	1.581
CFI	> 0.90	0.956
NFI	> 0.90	0.951
GFI	> 0.90	0.904
RMR	< 0.08	0.038
SRMR	< 0.08	0.036
RMSEA	< 0.08	0.066

Reliability

The reliability of the constructs was tested through Cronbach alpha (α) and composite reliability (CR). Reliability affirms that each construct consistently represents the concept that it is supposed to measure and that the items included in each construct are consistent in terms of results under similar circumstances. The results reveal that alpha (α) values were 0.848-0.875, which is significantly greater than the suggested value of 0.70 suggested by Bernstein & Nunnally (1994). Correspondingly, the CR scores were between 0.858 and 0.885, which are greater than the acceptable standard of 0.70 suggested by Hair et al. (2010). The results are shown in Table 2.



Convergent Validity and Discriminant Validity

The convergent validity was assessed through average variance extracted (AVE). The convergent validity is achieved when the values of the latent constructs are above 0.50 (Fornell & Larcker, 1981). The results shown in Table 2 indicate no issues of convergent validity.

Heterotrait-Monotrait (HTMT) ratio is the latest method to evaluate discriminant validity (Henseler, Ringle, & Sarstedt, 2015). According to Gold, Malhotra and Segars (2001), discriminant validity will be ensured if the values in HTMT matrix are not greater than 0.90 and the results revealed in Table 3 indicates no value exceeded this threshold.

Table 1: Reliability and Validity.

Constructs	Items	Loadings	α	AVE(>0.5)	CR(>0.7)
Green HRM Practices (GHRMP)	GHRMP1: My bank offers environmental training to employees	0.801	0.875	0.657	0.885
	GHRMP2: Recruiting or selecting employees is based on environmental criteria	0.857			
	GHRMP3: My bank measures employee performance against environmental objectives	0.820			
	GHRMP4: Employees are motivated to involve in environmental betterment	0.763			
Green Psychological Climate (GPS)	GPS1: My bank prioritizes environmentally friendly policies and decisions	0.816	0.848	0.603	0.858
	GPS2: Managers of my bank promote environmentally friendly behavior among employees	0.846			
	GPS3: One of my primary concerns in my bank is environmental protection	0.782			
	GPS4: My bank invests resources to enhance environmental performance	0.648			
Environmental Commitment (EC)	EC1: Personally, I am dedicated to meeting the environmental objectives of my bank	0.872	0.859	0.629	0.871
	EC2: Environmental care is a significant aspect of my identity in the workplace	0.791			
	EC3: I will be happy to make an additional effort in making my bank more environmentally responsible	0.697			
	EC4: I would experience remorse when I disregard the environmental goals of my bank	0.804			
Employee Environmental Performance (EEP)	EEP1: I take part in initiatives to protect the environment on job	0.784	0.866	0.645	0.879
	EEP2: In my bank, I initiate and minimize wastage and resource conservation	0.821			
	EEP3: I offer recommendations to enhance environmental performance within my bank	0.812			
	EEP4: I urge my peers to embrace environmentally friendly practices	0.797			

Table 2: HTMT Ratio.

	Green HRM Practices	Green Psychological Climate	Environmental Commitment	Employee Environmental Performance
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Green HRM Practices			
Green Psychological Climate	0.54		
Environmental Commitment	0.49	0.43	
Employee Environmental Performance	0.32	0.27	0.21

Structural Model

The proposed hypotheses of the research were analyzed through structural model. Hair et al. (2010) indicates that the structural model can adequately fit using key goodness-of-fit metrics (shown in Table 4), which must all maintain their specified acceptable ranges to indicate statistically adequate fit. The analysis of the structural model demonstration that all the fit indices were within the necessary thresholds, which implies that the model achieved a satisfactory and reliable fit with the measured results. The findings indicate that R² for green psychological climate was 0.55, 0.43 for environmental commitment, and 0.61 for employee environmental performance.

Table 3: Structural Model Fit Metrics.

Metrics	Recommended Values	Scores
X ² /df	< 3.0	1.773
CFI	> 0.90	0.959
NFI	> 0.90	0.956
GFI	> 0.90	0.909
RMR	< 0.08	0.037
SRMR	< 0.08	0.034
RMSEA	< 0.08	0.063

Table 4: Statistical Outcomes of Hypotheses Testing.

Hypotheses	Constructs	Estimate	S.E.	C.R.	P	Remarks
H1	GHRMP → GPS	.651	.174	3.741	***	Accepted
H2	GHRMP → EC	.733	.085	8.623	***	Accepted
H3	GHRMP → EEP	.582	.124	4.693	***	Accepted
H4	GPS → EEP	.493	.053	9.301	***	Accepted
H5	EC → EEP	.658	.087	7.563	***	Accepted

*** p<0.001

The findings of the study shown in Table 5 describe that all the 5 direct hypotheses were accepted. Green HRM practices significantly influence green psychological climate, environmental commitment, and employee environmental performance. The mediation findings reveal that green psychological climate and environmental commitment mediate the relationship between green HRM practices and employee environmental performance ($\beta=0.320$, $p<0.05$; $\beta=0.482$, $p<0.05$). Consequently, H6 and H7 are accepted. Fig 3 shows the path coefficients.

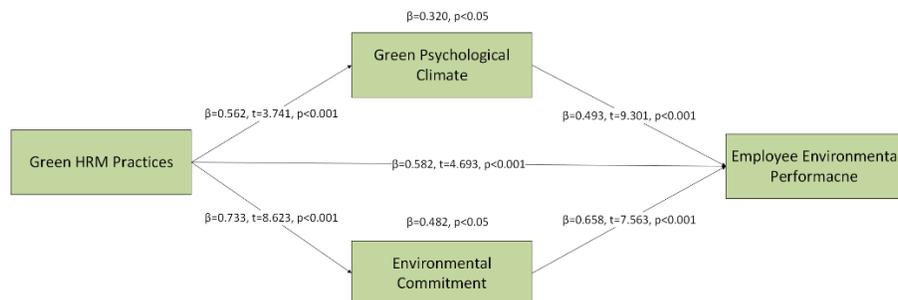


Figure 3: Direct and Indirect Effects.



DISCUSSION AND CONCLUSION

This paper sought to investigate the impact of green HRM practices on employee environmental performance in the banking sector of Southern Punjab, Pakistan, mediated by green psychological climate and employee environmental commitment. The findings indicated that the psychological green climate is significantly impacted by the green HRM practices. This implies that as banks focus on environmentally-focused HR practices, employees tend to believe that green practices are important to the organization. HR systems complementary to environmental goals result in the recognition of employees of a green climate (Dumont, Shen, & Deng, 2017). Ye et al. (2022) found that green HR practices create a sense of joint sustainability that drives collective pro-environmental action. Collectively, these results validate the assumption that HR practices are a communication channel that aids in setting environmental standards and values within organizations.

Employee environmental commitment was significantly influenced by green HRM practices. This implies that as organizations adopt sustainable HR practices, employees will emulate them by becoming emotionally and morally committed to the environmental goals. Green HRM practices positively impacts environmental commitment and consequent environmental performance (Ahmad et al., 2023). The value-attachment of employees to organizational green values is enhanced by sustainable HRM systems (Adu Sarfo et al., 2024). The findings highlighted a significant association between green HRM practices and employee environmental performance. The results are similar with Raza & Khan (2022), who find that green HRM influences environmental performance of hotel employees with respect to green competence and green engagement. Similarly, Niazi et al. (2023) determined that green HRM impacts environmental innovation and environmental performance of manufacturing firms. Alreahi et al. (2023) further established the affirmative influence of green HRM on employee performance in various sectors. Collectively, these results support the HRM strategic role in achieving human capital-driven sustainability results.

The association between the green psychological climate and environmental performance was identified to be positive and significant. This implies that employees will, when they view their organization as being environmentally responsible, be more inclined to participate in environmentally performance-enhancing behaviors (Elkhweildi et al., 2025). The result correlates with Dumont, Shen, & Deng (2017), who stated that a robust green climate fosters pro-environmental behavior in workers. Pham, Tučková and Chiappetta Jabbour (2019) also discovered that employee green citizenship behaviors are predicted by green climate perceptions. The results indicated a strong relationship between employee environmental commitment and environmental performance. The emotionally attached employee towards environmental values has high chances of doing voluntary activities that promote sustainability (Ren, Tang, & Zhang, 2023). This result coincides with Ahmad et al. (2023) who discovered that employees who are highly committed to the environment serves proactively in achieving organizational environmental objectives. Additionally, Raineri & Paillé (2016) discovered that environmentally citizenship behavior will be displayed by employees who are committed. Paillé, Boiral, & Chen (2013) also discovered that it is the environmental commitment that enhances green performance through motivation and moral responsibility. These findings highlight commitment as an important psychological resource that transforms HRM activities to performance.

Green psychological climate has been identified as a mediator between green HRM practices and employee environmental performance. This means that employee perceptions are affected by HR practices, thus facilitating green behaviors. The findings reveal that environmental commitment positively mediates the association between green HRM practices and environmental performance which implies that employee environmental performance will be improved not directly by accepting green HRM practices rather environmental commitment needs to be made (Aboramadan, Kundi, & Becker, 2022; Paillé, Boiral, & Chen, 2013).

IMPLICATIONS



Theoretical Implications

The research has strong implication in the academic field with the use of two mediating variables as it enhances the research framework of green HRM influencing employee environmental performance. The results build upon the work of Social Exchange Theory (SET) and prove that pro-environmental positive green HR practices lead to pro-environmental employee responses. The paper also supports the Social Identity Theory (SIT) by showing that employees were able to internalize organizational environmental values with strong green climate and identify themselves with sustainability objectives. In relation to RBV, the findings highlight green HRM as an intangible strategic competence that enhances environment performance in organizations by attitudinal and psychological influences. It broadens the RBV case that human capital contributes to the long-term profit in environmental management. Besides, the integrated model presents a theoretical framework to the future study to investigate other plausible mediators or situational variables that can reinforce or undermine such associations.

Practical Implications

The study has contributive implications to HR managers and decision-makers within the banking sector in Pakistan. The banks should focus on developing green HR in which environmental considerations are included in recruitment, training, rewards and performance appraisal. This will not only establish a clear behavioral standard, but will demonstrate long term organizational commitment to sustainability. The other element is to establish a robust green psychological climate; evident leadership support, effective communication, and resource distribution can be used to propagate the argument that environmental responsibility is the core of organizational identity among staff. It is further suggested that HR departments instill systematic programs to develop employee commitment to the environment, including the green engagement programs, participative environment committees and reward programs. Such actions will assist employees in developing the emotional attachment to the environmental objectives, thus enhancing the chances of maintaining sustainable practices. Systems of green HRM and employee commitment can be reinforced to improve environmental performance, minimize operational inefficiencies, and improve organizational reputation. These findings can be applied by the banking industry to not only satisfy regulations, but also compete in a market that is increasingly becoming sustainability-responsive.

LIMITATIONS AND FUTURE RESEARCH

The research employed cross-sectional research design which limits the possibility of drawing robust causal conclusions about the associations between green HRM, green psychological climate, environmental commitment and employee environmental performance. Future studies can utilize longitudinal, time-lagged or experimental research designs to quantify the causal impact and changes in these relationships over time. Second, it was carried out in the Southern Punjab banking industry and might not be applicable to other regions or sectors. It is possible that the model can be adjusted to other settings, including manufacturing, healthcare, hospitality, or education, an exercise that may help offer a clearer picture of the ways in which green HRM can be applicable across a broad range of organizational settings. Cross-cultural understanding would also be aided by comparative studies between the provinces or countries. Third, self-reported questionnaires were employed to gather data, which created a chance of social desirability bias.

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