

# Green HRM for Green Services: A Proposed Best Practices Green HRM Model for Green Banking Performance in Bangladesh

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## Abstract

The study proposes best practices Green HRM model to improve and innovate green banking services of the banking organizations of Bangladesh. The proposed model provides insights into what extent HRM practices can be linked to capitalize green banking services for greening the economy. Therefore, it can increase the environmental awareness and the theoretical and managerial insights for an effective implementation of green banking through green HRM practices. The banking sector in Bangladesh is at a stage of planning ecological adaptation in response to global green efforts. The present study develops a HRM model suggesting that bank management should link HRM practices to use bank employee capabilities for improving and innovating green banking services in their green strategies. Furthermore, the review on extant literature on green banking across the globe provides evidences of financial sector responses to global ecological concern. This study addresses future empirical study on the proposed model to justify green HRM impact on green services in banking industry and other industries within and beyond Bangladesh.

**Keywords:** Green HRM, Green Management, Best Practices Green HRM, Green Banking, Bangladesh.

## 1. Introduction

Since its emergence the role of human resource management (HRM) is varying with the alteration of nature and expectations of employees and organizations in an ever changing environment most notably as a sustained source of competitive advantage (Caliskan, 2010); an integral part of business success (Ferris et al., 2007) and; critical to organizational effectiveness (Lawler, 2005) and, thereby giving the rise of the concept of Strategic Human Resource Management (SHRM) (Caliskan, 2010). In corroboration with such expectations and achievements from HRM, it can be further expected that HRM can be linked to achieve success even in organizational efforts to save planet. HRM can be an organizational response to take initiatives in reaction to global warming and be approached as Green HRM (GHRM).

Realizing the excessive adverse effect of business on environment such as greenhouse effect, loss of biodiversity, climatic change, environmental damage, business people have started to take the responsibility of green movement for saving our earth (Dash, 2008). Cherian and Jacob (2012) have illustrated that organizational functioning with the support of HRM is giving importance to the adoption of environmental practices as a key objective. Since HR managers hold an important stakeholder group in business society, they are facing the challenge of incorporating green movement issues in the HRM policies and practices (Fenwick & Bierema, 2008). In doing so, GHRM is emerged based on the green movement of organizations aimed to environment safety from further and future disasters (Shaikh, 2012). Renwick, Redman and Maguire (2013) view GHRM as the HRM aspect of environmental management efforts of organization.

Likewise, Green banking is an attempt of banking industry in response to the global initiatives to save environment. Green banking contributes to green finance in resource-efficient and low carbon industries i.e. green industry and green economy in general (Bangladesh Bank Report, 2013). Environmental awareness of banking activities can exert pressure on corporate partners to keep the world green through green investment (Pinter, Deutsch & Ottmar, 2006). In the area of environmental affairs, HRM practices can aid in balancing corporate values, financial goals and environmental strategy and; in ensuring that employees implement this balanced strategy consistently across the organization (Cohen, Taylor & Muller-Camen, 2010). Therefore, HRM practices directed to recruit, develop, appraise and reward banking employees to perform and innovate green banking services may be a new concern of bank management. The present paper aims to contribute in suggesting best practices GHRM for the banking organizations of Bangladesh.

This paper describes the importance of environmental concern in financial services. In particular, it explores the status of green banking practices in the Bangladeshi banking sector to determine which HRM practices tend to be followed to develop and prepare bank employees to generate green banking service innovation. Hence, this paper has two main aims. First, it reviews the literature related to green banking in international and Bangladesh perspectives. The role of HRM within the green banking framework is also discussed in this section. Based on such discussions best practices GHRM model is developed for integrating HRM with environment management issues for improving and innovating green banking services in the context of Bangladesh. Second, it opens up new research avenues regarding GHRM and green service innovation in the banking sector that can be further applied by other financial institutions of developing markets. Additionally, best practices GHRM model can be tested for green activities irrespective of organization types and country

context.

## 2. Research Methodology

The paper follows a literature review approach beginning with the discussions on green management research. Then, it specifically illustrates green banking activities across the globe. Later green banking initiatives in Bangladesh is highlighted with the supportive descriptions of Bangladesh bank's efforts. Local researchers' contribution in exploring green banking activities in Bangladesh is also discussed. Next, HRM literature are reviewed to integrate green management and HRM based on which best practices GHRM model is proposed and relevant propositions are developed. In the present study, most of the articles are taken from the last decades (2000 to 2014) indicating current concern for green business issues and GHRM. Best practices HRM are linked with green activities of banking industry to propose GHRM for green services in a developing country like Bangladesh.

## 3. Green Management

During the past few years, the environmental awareness has been introduced in management systems as a way of managing environment through organized activities (Haden, Oyler & Humphreys, 2009). In this regard, managers establish environmental management systems and standards to show and communicate their determination towards being green (Ilic & Unnu, 2012). Haden et al (2009) define green management as the organization-wide process of applying innovation to achieve sustainability, waste reduction, social responsibility and a competitive advantage. The green management system is a dynamic and continuous management system of activities and processes to monitor, prevent and control contaminants of the environment (Karbassi, et al., 2006 as cited in Abbaspour, Karbassi & Khadivi, 2006).

Since green management may impact as a source of competitive advantage through giving economic as well as strategic benefits, organization should take it as an ethical concern not as a reactive strategy (Molina-Azorin, Claver-Corte's, Lopez-Gamero & Tari, 2009). Hence, researchers have argued on the importance of green concern of the organization. Following table (Table 1) demonstrates various scholars' arguments for green management.

**Table 1:** Justifications of Green Management

Aothors	Justification
Abbaspour et al (2006)	Discuss how implementation of green management in sport complexes of Iran can ensure the continuous arrangement and assessment of activities from the environmental perspective to control and prevent contaminations.
Babiak and Trendafilova (2011)	Deliberate the role and relevance environmentally focused corporate social responsibility (CSR) plays in professional sport organizations in North America and presents suggestions for future research in this area.
Khan, Khan, Ahmed and Ali (2013)	Notice many business organizations have re-branded their core values including social responsibility in environmental excellence.
Bansal & Roth (2000)	Use data from 53 firms in the United Kingdom and Japan to reveal three motivations: competitiveness, legitimation, and ecological responsibility of green movement under the context of individual concern, organizational consensus and social formal and informal network ties between constituents on environment issue in an organizational field.
Haden et al (2009)	Suggest that green achievement can be made via continuous learning and development through embracing environmental goals and strategies into the goals and strategies of the organization.
Walter and Bruch (2005) and Porter and Kramer (2006)	Recommend for a more close alignment between a company's core strategy and its social responsibility efforts.
Bergmiller and McCright (2009)	Find the strengths of the combination of production process and green programs to improve business results.
Sarkar (2008)	Points out that business practices related to the environment are now seen a transition from environmental management to environmental strategy.

Taking into account the ever increasing prominence of environmental management in world, academics have tended to focus on identifying the tie between financial and social performance (Babiak & Trendafilova, 2011; Margolis, Elfenbein & Walsh, 2009). Researchers claim that adoption of environmental practices positively affects company's competitive position (Giménez Leal, Casadesús Fa & Pasola, 2003); reduces their negative impact on the environment (Sarkar, 2008; Al-Najjar & Anfimiadou, 2012) and influences external shareholders to be environment friendly (Alniacik, Alniacik & Genc, 2011; Wahba, 2008). Academics are also converging research on CSR and environment management because of shared environmental, economic, and social concerns (Montiel, 2008; Babiak & Trendafilova, 2011). Therefore, environment management, CSR, social performance all can be brought under the umbrella of Green Management.

#### 4. Green Banking Initiatives across Countries

Presently global pressure has been felt by the financial institutions to be responsible for environment friendly investment projects. In this respect, Sahoo and Nayak (2008) view banking and other financial institutions can play an important role towards environment safety goal as they can influence their huge number of investors in investing green projects. Though, banking sector is generally considered as environmental friendly in terms of green impact (Peeters, 2003), the total effect of use of natural resources, energy and wastage in the internal operation of the larger size of banking industry cannot be ignored (Pinter et al, 2006). On the contrary, banks indirectly influence environmental pollution through lending money to the investors in different projects polluting environment (Pinter et al., 2006; Ahmed, 2012). Ketikidis, Bulata and Lazouras (2010) identify that banking sector has both direct impact (of physical material flow - in-house operations) and the indirect impact (of the financial flow - credit policies and immaterial flow - policies, culture, knowledge, information, etc.) on the environment.

Therefore, researchers conceptualize green banking as doing business in such areas and in such a manner that helps the overall reduction of external carbon emission and internal carbon footprint (Bhardwaj & Malhotra, 2013). Thus, bank should be sensible in lending decision; encouraging environmentally responsible investments and; prioritizing to those industries which are resource efficient and generate less carbon emission (Pinter et al., 2006; Sahoo & Nayak, 2008; Ahmed, 2012) and be resource efficient in its internal operations (Weber, 2005). The adoption of green banking strategies will help the bank to deal with green issues intricated in their core business operation (Kaeufer, 2010). Thereby, green banking strategies should follow a shift from 'profit, profit and profit' motive to 'planet, people and profit' orientation for sustainable development in the long run (Rajput, Kaura & Khanna, 2013 p. 292).

The pervasiveness of environmental concern has made green banking a global issue. Concerning bank responsibility in greening environment, the following table (Table 2) shows green banking movement across the globe.

**Table 2:** Green banking across the countries

Authors	Study Focus
Sahoo and Nayak (2008)	Explore the importance of Green Banking and suggest possible policy measures and initiative to promote green banking in India.
Ketikidis et al (2010)	Describe the empirical results of a cross-sectional design employed in a sample of 41 banks operating in Romania. The authors see the prospects of green innovation in the Romanian banking sector.
Dash (2008)	Sees environmental issues as opportunities for financial institutions offering investment possibilities through highly successful 'green funds' for green industry in green banking of Triodos Bank, also known as "Green Bank" and a bank with a difference in Netherlands.
Rajput et al (2013)	Find a small group of banks in India are playing the pioneer role in handling climate change, mapping of carbon footprints internally and externally.
Papastergiou and Blanas (2011)	Reveal regarding environmental concerns, the majority of banks of Greece are quite active, especially in the internal environmental care and in social issues, such as economic benefits to employees and society.
Emtairah, Hansson and Hao (2005)	In China, commercial banks have recently started to acknowledge the risks and opportunities associated with environmentally sustainable development. There are clear indications of increasing pressures on banks to play a more proactive role in environmental issues. The major barriers are internal capacity and awareness in the banking institutions and lack of coordinated signals from regulators. Market drivers and global competition seem to create appropriate incentives for banks to reform.
Christine (2001)	Finds that Austria was the first country in the European Union (EU) whose banking industry was allowed to participate in the European Eco-management and Audit Scheme (EMAS). A number of Austrian banks had already begun to establish internal environmental management systems.
Jahdi and Cockburn (2008)	Find that bank in UK has employed a fairly sophisticated marketing strategy, based on learning about and from customers thus creating and sustaining a niche in the market place as a socially responsible, ethical, and ecologically-aware organisation.
Kalloch and Bachman (2011)	Explore that the banking industry in U.S. recognizes green initiatives as an increasingly important business strategy to gain a competitive advantage; in addition, long-term consequences for the environment and overall business practices have also been realized.
Dakher (2012)	Proposes not only to use green technologies and ecological programs, but to involve society namely students from the very first year of studying in order to bring up a Ukrainian bank elite.
Sahin et al (2014)	Find that as a reflection of sensitivity of banking sector toward sustainable development, The Turkish Banking Union cooperates with national and international organizations through "The Sustainability in Banking Working Group".
Maftuchah et al. (2013)	Stated that in Indonesia, the Central Bank has started working on formulating strategy and road map to achieve sustainable banking.
Ali (2012)	Malaysia's banking sector has, in general, good environmental management practice. However, local banks' environmental management practice falls short of that of international banks. It was also found that Islamic banks have better environmental management practice than conventional banks.

## 5. Green Banking in Bangladesh

Bangladesh is one of the most climate change vulnerable countries. The state of environment in Bangladesh is rapidly deteriorating. The Government of Bangladesh (GOB) has taken some green steps for keeping country green through reducing environmental degradation (Islam, N, 2005; Sobhani, Amran & Zainuddin, 2009). The GOB as well as other civil societies has come forward with the initiatives to award companies with good environmental and social responsibility reporting (Sobhani et al., 2009). Similarly, Financial Institutions (FIs), as an intermediary, can also be considered as the promoter or influencer for all types of industries for approaching socially responsible behaviour (Choudhury, Salim, Bashir & Saha, 2013). According to the authors, through Green financing banking sector and all other related business organizations and individuals can be brought under the umbrella of green emergence.

Moreover, FIs, as they have comparatively a larger share in Bangladesh economy, need to be efficient in the use of energy and water and waste reduction in their internal operations. Considering the present scenario of the contribution and influence of FIs in Bangladesh economy and in line with government initiatives, Bangladesh Bank (BB), the central bank and apex body of FIs, has also come out with environment management issues of FIs. With a view to developing green banking practices in the country, Bangladesh Bank has developed an indicative Green Banking Policy and Strategy Framework for the FIs (BB Report, 2013).

The Green Banking Policy with specific time framework is divided into 3 phases. In Phase-I, FIs were to develop green banking policies for in-house performance by June 30, 2014. In Phase-II, the actions that were to take include, identifying green investment sectors, green strategic planning, introducing green branches and green internal operations, formulating specific environmental risk management planning and guidelines, educating clients and developing green banking activity reporting system and the time should not exceed December 31, 2014. Phase-III incorporates designing and introducing innovative products, reporting in standard format with external verification, reporting green banking practices on quarterly basis, allowing preferential treatments to the compliant FIs and practicing green banking that should be completed within June 30, 2015. The banking organizations of Bangladesh are currently supposed to be in phase-III.

Local researchers are also taking research steps for exploring green banking potentiality in Bangladesh. Examining the Bangladesh Bank green banking policies and green banking products, Ahmed (2012) identifies key challenges of green banking and offers some workable suggestions to improve green banking scenario of the country. Choudhury and the colleagues (2013) discuss about the consideration of stakeholder's influences or perceptions as one of the major criteria to accelerate the development of green banking products and green branches. Chisty (2013) tries to evaluate the Bangladesh Bank green banking policy guidelines to be followed by the banks operating in Bangladesh by comparing it with some other countries' policy guidelines and also recommends some measures that need to be included in the guideline.

**Table 3:** Green Banking Services of Bangladesh

<p>Green banking services of BB include advising banks to provide their clients with utmost assistance when opening Letters of Credit (L/C) for the installation of Effluent Treatment Plants (ETP) in industrial units; financing solar energy, bio-gas and ETP; complying with the guidelines on Corporate Social Responsibility (CSR) (banks have been asked to concentrate on linking CSR at their highest corporate level for ingraining environmentally and socially responsible practices) and engaging with borrowers in scrutinising environmental and social impacts. Banks have been brought under the purview of e-commerce with a view to providing the customers with online-banking facilities including payments of utility bills; money transfers and transactions in local currency through the internet. BB has launched a refinance programme of Taka 2.00 billion for bio-gas plant, solar power plant, ETP and Hybrid Hoffman Kiln (HHK) in brick fields. Considering the adverse effects of climate change, banks have been advised to be cautious about the impacts of natural disasters and encourage farmers to cultivate salinity resistant crops in salty areas, water resistant crops in the waterlogged and flood-prone areas, drought resistant crops in droughtprone areas. They should also be encouraged to use surface water instead of underground water for irrigation, organic fertiliser and natural insecticides instead of chemical fertiliser and pesticides.</p>
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Source: BB Report (2013)

Rashed (2012) facilitates Bangladesh Bank's green initiatives by offering a rating system for the banking organizations considering their business and environment performance. Islam (2012) examines and finds a positive result in the relationship between financial performance and socially responsible practices initiatives of banks in Bangladesh. The policy implication of the study recommends that better regulatory requirements will foster more CSR initiatives. Ullah (2013) reveal that compared to state-owned commercial banks, both private and foreign commercial banks have adopted more remarkable green banking initiatives in Bangladesh. Millat, Chowdhury and Singha (2012) had a review study on Green Banking in Bangladesh Fostering Environmentally Sustainable Inclusive Growth Process. They found that Bangladesh is encouraging low-carbon green development irrespective of essentiality of faster economic growth and social development.



Rahman, Ahsan, Hossain and Hoq (2013) identify the key ways of doing green banking with the collaboration between clients and bankers in Bangladesh.

Therefore, Green banking has attained immense attraction from the bank management as well as the local researchers in response to financial business concern for ecological balance in Bangladesh. Still more research supports are needed to materialize the planned green management activities in the banking sector of Bangladesh.

**Table 4:** Green Banking Practices of Bangladesh

Criteria	Green Banking Initiatives
Green banking unit/cell/desk	43 banks have formed Green Banking Unit (GBU) for contributing to green banking activities while 4 banks are yet to establish GBU. Some banks have just started developing Strategic Planning for Sector specific Green Banking Policy.
Bank's in-house green activities	Some common In-house Green Activities reported by banks are as follows: <ul style="list-style-type: none"> <li>• Common use of table stationeries instead of individual use</li> <li>• Use of paper on both sides for internal consumption</li> <li>• Introduction of e-statement for customers instead of paper statements</li> <li>• Use of online communication in the best possible manner</li> <li>• Using more daylight instead of electric light and proper ventilation in lieu of using air conditioning</li> <li>• Using energy saving bulbs and ensuring maximum utilization of day-light</li> <li>• Use of Eco Font for printing light impression in both sides of the paper</li> <li>• Setting defaults like thinking "twice before printing", "Printing only it really needs," "Please check your environmental responsibility" etc. in email correspondences</li> <li>• Video/Audio conference in lieu of physical travel</li> <li>• Conversion of Bank's vehicles (pool) into CNG and Use of energy efficient lights and other electronic equipments</li> <li>• Economic use of light and air conditioners</li> <li>• Efficient use of printer cartridges, photocopy toner, office stationary etc.</li> <li>• Sharing electronic files, voice mail and e-mail instead of paper memos</li> <li>• Use of solar energy/Renewable energy sources</li> <li>• More concentration on developing Green Office Guide for reducing information gap/reducing hazards/increasing efficiency/awareness/reducing pollution/developing Green banking for sustainable financing.</li> </ul>
Online banking	Substantial portion of internal works of the bank is done through online banking system-with outlook, e-mail. Access to online banking service for the customers is getting wider day-by-day. Online banking scenario looks promising where 3042 number out of 7998 branches (38.03%) are equipped with online banking services. 37 private and foreign commercial banks are fully automated ensuring online banking services in each of their branches. 89.05% of the total branches of PCBs have been brought under online banking coverage. In case of SCBs, 5.49% of the total branches have been brought under online banking coverage. 3.91% and 1.42% of the total number of accounts have been facilitated with mobile banking and internet banking respectably.
Branches powered by Solar Energy	Banks are introducing use of solar energy in their branches. 99 branches of 18 banks have reported installation of solar power panels.
Climate risk fund	Banks are making effort to create a database on utilization of fund for their CSR activities those relate to Climate Change condition and also for the number of projects/events for possible safeguards and mitigating hazards due to climate change. 10 PCBs have allocated budget for Tk.194.35 million for Climate Risk fund.

**Source:** Review of CSR initiatives of banks- 2011, Bangladesh Bank, July, 2013

## 6. Human Resource Management (HRM)

HRM has gone through a major process of transformation in terms of form and function in theory, research and practices (Zakaria, Zainal & Nasurdin, 2012). On one hand, HRM with its different category are widely believed having positive relation with organizational performance (Guest, Conway & Dewe, 2004). Therefore, HRM practices under different approaches are also known as 'best practices HRM' (Coaker, 2011). On the other hand, researchers are in differing opinion regarding the list of best practices HRM (Gould-Williams & Mohamed, 2010). Paauwe and Boselie (2005, p. 69) mention that 'there is not one fixed list of generally applicable HR practices or systems of practices that define or construct HRM'. Boselie, Dietz and Boon (2005) have used a

range of 26 HR practices. Boxall and Purcell (2003) criticize having a long list of HRM practices. Thus, Gould-Williams and Mohamed (2010) argue for a more parsimonious approach to be adopted in describing best practice models of HRM. Boselie et al. (2005) identified the four most reported practices as: training and development; contingent pay; performance management; and careful recruitment and selection processes. This review is consistent with a study conducted by Gould-Williams and Mohamed (2010).

Within this paper the term “best practices HRM” will be preferred referring to all those HRM practices that have been identified as effective in improving employee and organizational performance. Under this category employee recruitment and selection, training, performance appraisal and compensation are considered best practices HRM that can improve employee’s performance to give competitive advantage to the organization as suggested by early researchers. These best practices HRM must be applied as a bundle approach because implementing ‘bundles’ of HR practices is more effective than introducing HRM practices individually (Guest et al., 2003). The following section illustrates how researchers have established the link between HRM and green management from which the proposed best practices HRM is assumed to approach as best practices GHRM.

### 7. HRM and Green Management

Renwick et al (2013) find HRM practices enable organizations develop Green abilities and provide employees with opportunities to be involved in organizational efforts for environmental affairs and refer such HRM practices as GHRM. From a study of three companies, Kitazawa and Sarkis (2000) reveal continuous reduction of pollution is significantly related with empowerment and participation of employees who are trained in activities of environmental management and incentive programs, such as profit-sharing, that will increase employee participation in companies. Moreover, team-based approaches, skill improvements, open communications and management supports for continuous improvement in operational activities for pollution reduction are also found important. Other researchers have also asserted the importance of environmental training and communication, organizational learning and the performance of environmental management programs (Sammalisto & Brorson, 2008; Triana & Ortolano, 2005). The table below (Table 3) summarizes the HRM practices related with green management and identified in different studies.

**Table 5:** Environment Focused HRM

Authors	Environment focused HRM
Jabbour and Santos (2008)	Consider HRM may contribute to environmental management in companies if they: (a) recruit and select people committed to the environment; (b) train and evaluate employees’ performance based on environmental criteria; (c) implement ways of rewarding individual and collective environmental performance in remunerated and non-remunerated ways; (d) stimulate continuous education in environmental management; (e) treat environmental aspects as values of a corporate culture; and (f) promote interaction between teams in order to deal with environmental problems and strive for continuous improvement of environmental management activities.
Perron, Cote and Duffy (2006)	Emphasize on measuring employee performance after being trained on environmental issues to check employee performance improvement on environment management.
Dutta (2012)	Explains organization can maintain its green objectives all throughout the HRM process of recruiting, hiring, training, compensating, developing and advancing the firm’s human capital.
(Renwick et al., 2013)	Find the implementation of rigorous recruitment and selection of employees, performance-based appraisal system, training programs aimed at green management initiatives have a basic importance for fostering environmental innovations.
Sudin (2011)	Suggest that HRM should include top management support, employee relations, rigorous recruitment and selection of employees, performance-based appraisal system, the introduction of training programmes and reward system to address green movement.
Jackson, Renwick, Jabbour & Müller-Camen (2011)	Mention that Green responsibilities can be used by environmentally responsible employers to attract talent that fits and contributes to achieving the organization’s environmental goals.
Jabbour, Santos and Nagano (2010)	Discuss about the phases of gradual implementation of environmental management practices in a company and integrate HRM functions into the evolutionary stages of environment management. Throughout the journey, environmental management is associated with almost all of the functional and competitive dimensions of HRM (recruitment, selection, training, performance evaluation and reward).
Fernandez, Junquera & Ordiz (2003)	Recognize the relationship between the evolution of environmental management and the contributions of HRM throughout the stages.
Mandip (2012)	Makes a detail on discussing how entry-to-exit processes in HRM (from recruitment to exit) translate green HR policy into practices.

Based on the literature review, it is evident that usual best practices HRM are approached to utilize human potential in handling green management issues within the organization. Hence, the present paper suggests a best practices GHRM model to generate both HR outcome and organizational outcome for capitalizing green banking activities. The proposed best practices GHRM model includes recruitment, selection, training and development, performance appraisal and compensation with an expectation to accelerate green performance of

employees that will harness green service innovation for the banking organization.

The figure indicates best practices HRM when approached as a bundle is assumed to influence employee performance positively to generate organizational outcome of service innovation in Green banking. These best practices HRM bundle is labelled as GHRM because these will be directed to manage employee performance toward the achievement of service innovation in environmental issues. Pinter et al (2006) categorize green banking service innovations that can be realized different ways simultaneously; 1) green product and services (financing and servicing green projects); 2) internal green procedures, methods of operations for achieving sustainability; 3) new principal in production process and management system such as introducing environment management system and educating employees can represent green social innovation and; 4) green structural innovation such as international development banks from developed countries guiding developing countries' banks in developing and implementing green service policies. GHRM may be a source of Green banking service innovation. GHRM will recruit and select employees based on their environmental concern, educate and develop them in performing green activities, appraise their performance and reward them based on green performance of banking activities. This will further create employee capability and performance in innovating green services for the organizations.

Proposed Research Model of Best Practices GHRM and Green banking services

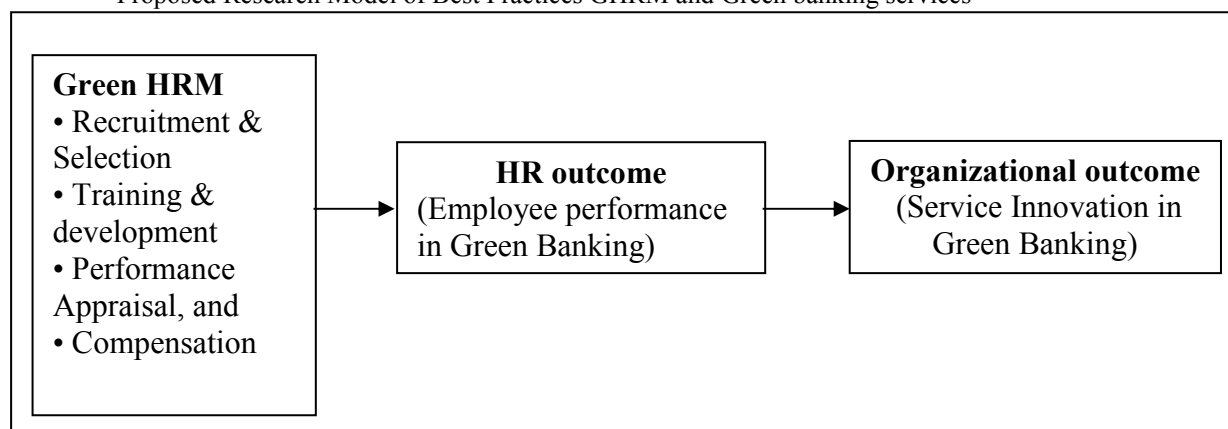


Figure 1: Best practices GHRM for Green banking service innovation.

### Propositions

Based on the proposed best practices GHRM bundle model, the following propositions can be formed:

**Proposition1:** Best practices GHRM bundle can generate organizational outcome through HR outcome.

**Proposition2:** Best practices GHRM bundle can improve employee performance in green banking activities.

**Proposition3:** Best practices GHRM bundle can facilitate green banking service innovation through enhancing employee performance in green banking activities.

### 8. Conclusion

Banks' products and services are generalised and unpatented that can be easily copied; therefore they face difficulties in identifying the basis for differentiating themselves among the competitors (Ketikids et al., 2010). Ogrizek (2002) recognizes green or social responsibility as one of the banks' differentiator factors along with service quality, image and reputation. Unfortunately, banks are not that much progressive and proactive in exploring the opportunities provided by the greening of the industry (McKenzie & Wolfe, 2004). However, environmental concern has provided some banks with an opportunity to make an environmental stance central to their activities or brand (Thompson & Cowton, 2004). To corroborate such arguments, banking industry needs to concentrate on using its HRM to make its employees prepared and competent in environment performance. Thus, best practices HRM bundle can be linked to green banking services. GHRM can act as a source of differentiator through stimulating innovative green services in banking sector. This paper has attempted to fill a gap in HRM research providing some research ideas on how GHRM can contribute to green banking activities, a highly influential sector of the economy. This will ultimately serve the purpose of the banking industry's response to the need for environmental sustainability. Moreover, the present GHRM model can be empirically tested for practical justification of theory relating HRM, employee performance and innovation in environment management efforts. Additionally, the study also opens up new research avenues in linking GHRM with green business activities irrespective of industry and country differences.

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