

The Influence of Green Human Resources Management and Sustainable Environment On Organizational Performance Mediated by Corporate Social Responsibility

*Green HRM,
Environment and
Performance*

Syamsunasir

*Faculty of Economics and Business, Universitas Dirgantara Marsekal Suryadarma,
Jakarta, Indonesia*

E-Mail: syamsunasir@unsurya.ac.id

3763

Submitted:
JULY 2025

Dewi Puspaningtyas Faeni

*Faculty of Economics and Business, Universitas Dirgantara Marsekal Suryadarma,
Jakarta, Indonesia*

E-Mail: dewi.faeni@unsurya.ac.id

Accepted:
SEPTEMBER 2025

ABSTRACT

This study aims to determine the influence of Green Human Resources Management (GHRM) and Sustainable Environment on corporate social responsibility (CSR) - mediated organizational performance at financial industries. This study uses a descriptive statistical design with a quantitative approach. The population in this study is 400 employees of financial industries. Sampling was done using the non-probability sampling method. After the calculation of the Slovin Formula, a minimum sample size of 80 employees/sample was obtained. This study processed using Smart PLS 4.0 software. The results show that GHRM has a positive and significant influence on organizational performance through CSR mediation, sustainable environment has a significant positive influence on organizational performance through CSR mediation, GHRM relationships mediated by CSR have a significant influence on organizational performance, sustainable environment relationships mediated by CSR are not significant on organizational performance, GHRM has a direct, negative and insignificant influence on organizational performance, and sustainable environment has a direct positive but not significant influence on organizational performance. The implications of the financial sector by integrating GHRM practices and sustainable environmental strategies through CSR to drive organizational performance. CSR as a strategic link, reinforces the positive impact of sustainability initiatives on operational efficiency, company reputation, and stakeholder satisfaction.

Keywords: GHRM, Sustainable Environment, Organizational Performance, CSR

ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh Green Human Resource Management (GHRM) dan Sustainable Environment terhadap kinerja organisasi yang dimediasi oleh Corporate Social Responsibility (CSR) pada industri keuangan. Penelitian ini menggunakan desain statistik deskriptif dengan pendekatan kuantitatif. Populasi penelitian terdiri atas 400 karyawan industri keuangan. Teknik pengambilan sampel dilakukan dengan metode non-probability sampling. Berdasarkan perhitungan menggunakan rumus Slovin, diperoleh ukuran sampel minimum sebanyak 80 responden. Analisis data dilakukan dengan menggunakan perangkat lunak SmartPLS versi 4.0. Hasil penelitian menunjukkan bahwa GHRM berpengaruh positif dan signifikan terhadap kinerja organisasi melalui mediasi CSR. Selain itu, Sustainable Environment juga

JIMKES

Jurnal Ilmiah Manajemen
Kesatuan
Vol. 13 No. 5, 2025
pp. 3763 - 3736
IBI Kesatuan
ISSN 2337 - 7860
E-ISSN 2721 - 169X
DOI: 10.37641/jimkes.v13i5.4105

menunjukkan pengaruh positif terhadap kinerja organisasi melalui mediasi CSR, meskipun tidak signifikan secara statistik. Temuan lainnya menunjukkan bahwa GHRM memiliki pengaruh langsung yang negatif dan tidak signifikan terhadap kinerja organisasi, sementara Sustainable Environment memiliki pengaruh langsung yang positif namun tidak signifikan terhadap kinerja organisasi. Implikasi penelitian ini menegaskan pentingnya integrasi praktik GHRM dan strategi lingkungan berkelanjutan melalui CSR dalam meningkatkan kinerja organisasi di sektor keuangan. CSR berperan sebagai penghubung strategis yang memperkuat dampak positif inisiatif keberlanjutan terhadap efisiensi operasional, reputasi perusahaan, dan kepuasan pemangku kepentingan.

Kata kunci: GHRM, Sustainable Environment, Kinerja Organisasi, CSR

INTRODUCTION

In the era of globalization and rapid economic growth, the issue of environmental preservation is becoming increasingly important (Alkornen et al., 2024). Four components, raw materials, quality of human labor, production tools used, and the environment, determine the success of a company in its business pursuit (Faeni, 2024b). Companies can achieve success in ending efforts if these four factors are met. On the other hand, if one of these factors is not met or a problem occurs, the company's business will be hampered. This leads to losses and the company cannot survive for long. The environmental factors are one of the most important to consider, which include not only air and air conditions, but also living things such as humans, animals, and plants around the company. This affects the performance and stability of the company's production process (Ababneh, 2021).

Pollution, climate change, and the loss of natural resources have prompted organizations to look for new ways to reduce their adverse impact on the environment (Faeni et al., 2022). Companies must implement the concept of green workforce management (GHRM) to support their employees, and this is one approach that is gaining increasing attention. Sustainability is a necessity to encourage employees in creating strategies to solve environmental problems. This is a reminder of the complexities of environmental management. What activities are required, what skills are available, and how they will impact the environment (Egdair et al., 2024).

Improved organizational performance, help businesses solve environmental and economic problems, and promote sustainable development (Purnama & Nawangsari, 2020). Environmentally friendly behavior of employees in the company will improve the efficiency of environmental organizations. Sustainable capabilities consist of GHRMs that supports the work environment and creates a workplace that encourages employees to fulfill their duties on an ongoing basis (Insani & Rizky, 2024).

By lowering costs and increasing operational efficiency, a sustainable environment also helps companies meet environmental regulations and improve their reputation and competitiveness in the market (Siburian & Sugiarto, 2022). In this case, financial industries can leverage sustainability initiatives to attract customers who care about the environment and improve brand image (Pujiati et al., 2025).

In the modern era marked by the global environmental crisis, companies are required to integrate sustainability practices into their business strategies. Corporate Social Responsibility (CSR) functions as a mediator that connects the sustainable environment with organizational performance. Through CSR, financial industries can demonstrate its commitment to social and environmental responsibility, which can increase stakeholder trust and create more value for society (Indriani & Zhafira, 2022). With the effective implementation of CSR, the company not only improves its reputation but also builds stronger relationships with the community and employees. In turn, these relationships can improve the overall performance of the organization.

Through a holistic approach to GHRM, environmental sustainability, and CSR, it can not only improve its organizational performance but also contribute to long-term

sustainability. This study aims to explore the influence of GHRM and sustainable environment on organizational performance in financial industries, with CSR as a mediation variable. The findings of this study are expected to provide useful insights for companies in formulating more effective sustainability strategies (Chowdhury et al. 2025).

The research gap in this study lies in the limited empirical evidence examining the simultaneous and integrated effects of Green Human Resource Management (GHRM) and Sustainable Environment practices on organizational performance through the mediating role of Corporate Social Responsibility (CSR), particularly within the financial sector in emerging economies such as Indonesia. While prior studies have largely investigated the individual impacts of GHRM, environmental sustainability, or CSR on organizational performance, relatively few have explored their combined and mediated relationships in service-oriented industries. Existing sustainability research predominantly focuses on manufacturing, energy, or public sector contexts, leaving insufficient understanding of how financial institutions operationalize sustainability strategies. By positioning CSR as a strategic mediating mechanism, this study offers a holistic framework that captures the complexity of sustainability integration in modern business strategy and extends the literature on sustainability-driven performance in emerging market financial industries (Belhaj et al., 2025).

The financial sector was chosen as it plays a unique and influential role in shaping broader economic and social trends. Unlike manufacturing industries that often focus on reducing physical waste or emissions, financial institutions operate in a service-based environment where sustainability efforts rely heavily on internal culture, employee engagement, and strategic communication. Because of this, initiatives like Green Human Resource Management (GHRM) and Corporate Social Responsibility (CSR) are especially powerful—they help build trust, enhance brand reputation, and align the organization with the values of environmentally conscious stakeholders. In a sector where credibility and public perception are everything, sustainability becomes more than a compliance issue—it's a strategic advantage (Belhaj et al. 2025).

This study focuses on the financial industry in Indonesia because it's a rapidly growing sector in an emerging economy, yet still underrepresented in sustainability research. While many global studies emphasize large corporations or industrial firms, there's limited insight into how financial institutions in developing contexts implement and benefit from integrated sustainability practices. By exploring how GHRM and environmental strategies influence performance through CSR, this research aims to provide practical guidance for financial organizations looking to strengthen their long-term impact and competitiveness in a changing global landscape (Miaha, Szentgróti & Walter 2024).

LITERATURE REVIEW

Corporate Social Responsibility (CSR)

According to the World of Business Council for Accountability and Corporate Stewardship (WBCSD), CSR is a company's ongoing commitment to behave morally, contribute to economic growth, improve the quality of life of employees and their families, and improve society, local communities and the public. In contrast, research shows that CSR can govern a company's value (Indriani & Zhafira, 2022). CSR aims to provide non-profit services in environmental and social aspects (Munzir et al., 2023). As companies become more concerned about society, awareness of the importance of CSR practices has grown into a global trend in the business industry (Naek, 2020). In the annual report, the company must consistently disclose its CSR strategy and achievements (Ningrum et al., 2020). CSR where "company" means a company that is a legal entity, "social" means social society, and "responsibility" means responsibility. Therefore, CSR is an action or idea carried out by a company in accordance with the company's ability to demonstrate its responsibility to society and its environment (Putri, 2020). Law No. 40 of 2007, a company must commit to taking part in sustainable economic development to improve the quality of life and create a better environment for itself, the local community, and

society. When it comes to corporate social responsibility, organizations must pay attention to the interests of stakeholders and their own interests. Although there are many definitions, CSR is basically a form of a company's concern for the community (Rachman et al., 2024).

Stakeholder Theory challenges the traditional shareholder-centric view by emphasizing that businesses thrive when they consider the needs and interests of all stakeholders—employees, customers, communities, and more (Freeman in 1984). It reframes corporate social responsibility (CSR) not as a box-ticking exercise, but as a strategic approach to building trust, enhancing reputation, and embedding ethical practices into everyday operations. Recent research, such as (Nathania et al., 2020) and (Wilson, 2003), deepens this perspective by linking CSR to broader goals like sustainability, accountability, and corporate ethics—reminding us that responsible business isn't just good for society, it's smart strategy.

Organizational Performance

Performance, also called achievement, shows how well or poorly an organization is in carrying out its obligations to achieve the goals that have been set (Egdair et al., 2024). An organization, on the other hand, is a group of people who work together logically and systematically under the guidance or control of a leader to utilize available resources to achieve a specific goal (Elkhori & Budianto, 2024). In English, "performance" is defined as job performance, or level of performance, which is the level of success a person in completing their tasks. The results or achievements achieved by an organization in achieving the goals that have been set are called "organizational performance" (Tripathi & Kalia, 2024). Organizational performance, achievement of goals through efficient and effective use of organizational resources (Fahim & Pujianto, 2024). While organizational performance usually refers to how well an organization operates, meets expectations, and achieves goals (Fauzi & Siregar, 2020). As a representation of the level of achievement in the implementation of tasks in an organization, which contributes to the achievement of the organization's goals, objectives, mission, and vision (Fauziah et al., 2024). It can be concluded that organizational performance is the result or achievement achieved by a person or group that shows success in completing their tasks or work. The purpose of performance appraisal is to determine whether employees have met the standards and conditions expected by the organization in terms of quality and quantity (Giovanni & Ali, 2024).

Job Performance Theory shifts the focus from abstract metrics to the everyday behaviors of employees that drive organizational success. It emphasizes that performance isn't just about outcomes—it's about how people show up, stay motivated, follow through, and contribute meaningfully to shared goals (Colquitt et al., 2008). This theory also highlights the role of environmental and HR strategies in shaping performance, showing how culture, leadership, and ethical practices can inspire discipline and engagement. It's a widely used lens for understanding how work ethics, leadership styles, and employee involvement translate into real-world impact.

Green Human Resource Management (GHRM)

GHRM refers to Human Resource Management activities that promote positive environmental outcomes (Zhao & Huang, 2022). Integrating various practices such as green training, green performance evaluation, and green awards plays an important role in improving green behavior (Zahrani, 2024). GHRM is defined as the process of using "green" human resources policies and practices to make employees more environmentally conscious (Wijonarko & Wirapraja, 2022). As a result, GHRMs can help foster an eco-friendly business culture by encouraging eco-friendly business practices. Companies must implement environmentally friendly and sustainable business practices as awareness of environmental issues increases. Sustainability-oriented human resource (HR) management, or GHRM, is a critical component in achieving this goal. GHRM includes green HR practices, such as ongoing employee selection and onboarding, environmentally focused training and development, and compensation and incentives that encourage green actions (Faeni & Rahma, 2024). By implementing GHRM,

employees will be able to create and maintain an environmentally friendly environment. This will allow them to maximize their performance individually (Siburian & Sugiarto, 2022). Several highly susceptible studies examined GHRM systems and their impact on employee behavior, using multi-dimensional perspectives and new theoretical methods (Utama et al., 2022). By using GHRM, resources will be conserved and economic growth or human activities in the workplace will not have a negative impact on the environment or natural ecosystems. It can be concluded that the definition of GHRM from several experts is a policy set by a company that is useful for emphasizing environmental care.

The Resource-Based View (RBV) suggests that organizations gain a lasting edge by nurturing resources that are valuable, rare, hard to imitate, and irreplaceable—like skilled people and environmental strengths. Green Human Resource Management (GHRM) fits right into this framework by treating eco-friendly skills, a sustainability-driven culture, and green HR practices as powerful assets that boost performance and adaptability. Recent work highlights how GHRM doesn't just support operations—it actively shapes environmentally responsible behavior and weaves sustainability into the fabric of HR, making it a strategic force for long-term success (Chowdhury and Omolo, 2025).

Sustainable Environment

One of the important components of sustainable development is the sustainable environment, which emphasizes that sustainability includes social and economic aspects in addition to the environment (Anabella, 2022). The IPCC report emphasizes that tackling climate change is one of the biggest challenges to environmental sustainability. They suggest reducing greenhouse gas emissions, switching to renewable energy, and protecting ecosystems as important steps to achieve environmental sustainability (Faeni et al., 2023). The role of urbanization in changing the environment and the impact it has on sustainability. They suggest that to create a healthy and sustainable environment, sustainable urban planning and wise management of resources are essential. In an article on "Creating Shared Value", it says that "companies can achieve sustainability by creating economic value while addressing social and environmental issues". They emphasized that sustainability includes social responsibility and business opportunities as well (Porter & Kramer, 2021). Employee engagement is key to creating a sustainable work environment. Employees who are actively involved in sustainability initiatives are more likely to contribute to the achievement of the organization's environmental goals. This theory emphasizes that the work environment should support employee engagement (Gitaya, 2024). To understand how organizations and ecosystems interact with each other, a complex systems approach is used. They emphasized that understanding the ever-changing relationship between employees, the environment, and organizational policies is essential to achieving sustainability (Irma et al., 2021; Faeni, 2024; Faeni et al., 2025; Faeni et al., 2025).

Industrial Ecology and Natural Capital Theory offer a powerful lens for rethinking how organizations interact with the environment. Industrial Ecology sees businesses not as isolated entities, but as part of a larger ecosystem—encouraging them to reuse resources, close production loops, and reduce environmental harm. Natural Capital Theory complements this by treating nature's resources—like clean air, water, and biodiversity—as vital economic assets that must be preserved to ensure long-term value. Together, these theories push organizations toward circular economy models and sustainability-driven strategies, as highlighted by scholars like (Sitadewi et al., 2021) and (Khalili, 2020), who show how ecological thinking can reshape business for the better.

Hypothesis Development

H1: Green Human Resource Management (GHRM) has a positive and significant effect on Corporate Social Responsibility (CSR).

H2: Green Human Resource Management (GHRM) has a positive and significant effect on Organizational Performance.

H3: Sustainable Environment has a positive and significant effect on Corporate Social Responsibility (CSR).

H4: Sustainable Environment has a positive and significant effect on Organizational Performance.

H5: Corporate Social Responsibility (CSR) has a positive and significant effect on Organizational Performance.

Conceptual Framework

Based on the foundation of previous theories and research, the conceptual framework of this research is:

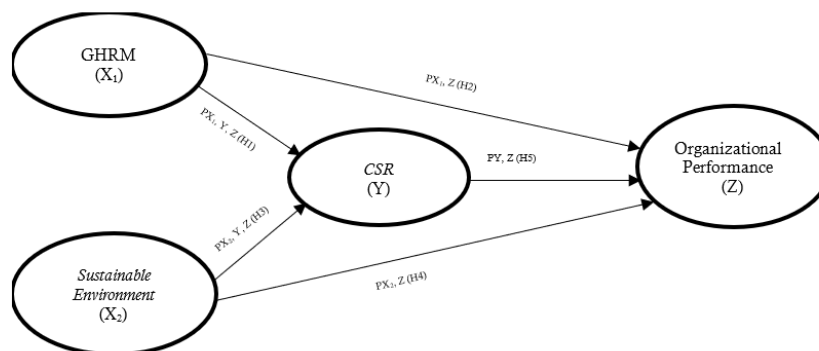


Figure 1. Conceptual Framework

METHODS

This study uses a descriptive statistical design with a quantitative approach. The population in this study is 400 employees of financial industries. The data used in this study used primary data collected directly from respondents through questionnaires and interviews. The data gathering is implemented using research tools, and the data interpretation is conducted quantitatively to assess previously established assumptions (Machali, 2021). Sampling was done using the non-probability sampling method. After the calculation of the Slovin Formula, a minimum sample size of 80 employees/sample was obtained. This study uses descriptive statistical analysis methods, verifier analysis, data quality tests that include validity and reliability, hypothesis tests that include F and t tests, and determination coefficient tests that are processed using Smart PLS 4.0 software. Data were collected through online questionnaires distributed between May–August 2024. Each construct was measured using validated items adapted from prior studies with a five-point Likert scale.

This study employs Partial Least Squares–Structural Equation Modeling (PLS-SEM) using SmartPLS 4.0 as the primary analytical technique. The selection of PLS-SEM is methodologically justified for several reasons. First, the proposed research model is predictive in nature, aiming to explain and predict organizational performance based on Green Human Resource Management (GHRM), Sustainable Environment, and Corporate Social Responsibility (CSR). Second, the model incorporates mediating relationships, particularly the role of CSR in linking sustainability-oriented practices to organizational performance, which is well accommodated by the variance-based SEM approach. Third, the study utilizes a relatively small sample size ($n = 80$), making PLS-SEM more appropriate than covariance-based SEM, which typically requires larger samples for stable estimation. Finally, PLS-SEM does not impose strict assumptions regarding multivariate normality, rendering it suitable for data collected through self-reported questionnaires with Likert-scale measurements. Accordingly, PLS-SEM provides a robust and flexible analytical framework for testing the proposed structural model and hypothesis relationships in this study.

RESULTS

Results of Outer Model Data Analysis

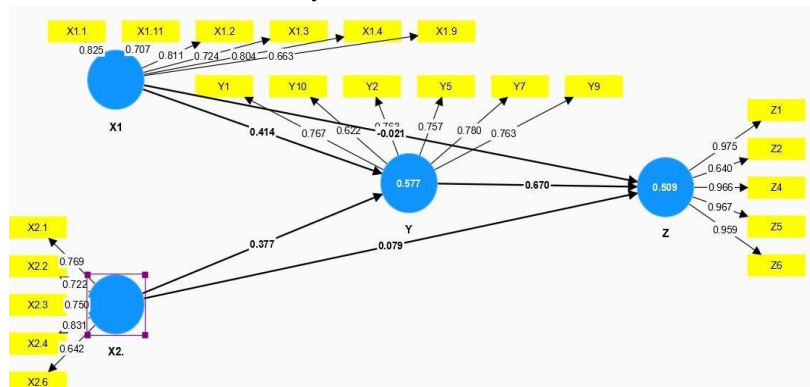


Figure 2. Outer Model

Validity Test Results

The validity test was used to determine the validity of the items of the research variables, in this case using SmartPLS.

Table 1. Validity Test Results

Variabel	Indikator	Outer Loadings	Keterangan
GHRM	X1.1	0.825	Valid
	X1.11	0.707	Valid
	X1.2	0.811	Valid
	X1.3	0.724	Valid
	X1.4	0.804	Valid
	X1.9	0.663	Valid
SUSTAINABLE ENVIRONMENT	X2.1	0.769	Valid
	X2.2	0.722	Valid
	X2.3	0.750	Valid
	X2.4	0.831	Valid
	X2.6	0.642	Valid
CSR	Y1	0.767	Valid
	Y10	0.622	Valid
	Y2	0.763	Valid
	Y5	0.757	Valid
	Y7	0.780	Valid
	Y9	0.763	Valid
ORGANIZATIONAL PERFORMANCE	Z1	0.975	Valid
	Z2	0.640	Valid
	Z4	0.966	Valid
	Z5	0.967	Valid
	Z6	0.959	Valid

Table 2. AVE

Variable	Indicators	Outer Loadings	Information
GHRM	X1.1	0.825	Valid
SUSTAINABLE ENVIRONMENT	X2.1	0.769	Valid
CSR	Y1	0.767	Valid
ORGANIZATIONAL PERFORMANCE	Z1	0.975	Valid

Table 1 and 2 above show that all research indicator items are valid because they have outer loadings greater than 0.5 as required (Ghozali, 2014) at a significant level of 5%, so it can be concluded that all question items can be used as research indicators.

Reliability Test Results

Reliability tests are used to test the reliability of research instruments so that they can be trusted as a data collection tool. The results of the reliability test for the variables Green Human Resources Management, Sustainable Environment on Corporate Social

Responsibility Mediated Organizational Performance will be described in the following table 3:

Table 3. Reliability Test Results

Latin Variables	Cronbach's alpha	Condition	Information
GHRM	0.850	0,70	Reliable
<i>SUSTAINABLE ENVIRONMENT</i>	0.798	0,70	Reliable
CSR	0.838	0,70	Reliable
ORGANIZATIONAL PERFORMANCE	0.942	0,70	Reliable

Table 3 shows that all research variables are reliable because the Alpha Cronbach's value is greater than 0.70 (Ghozali, 2014) so that the research variables can be concluded to be reliable and can be used as research instruments.

Results of Inner Model Data Analysis

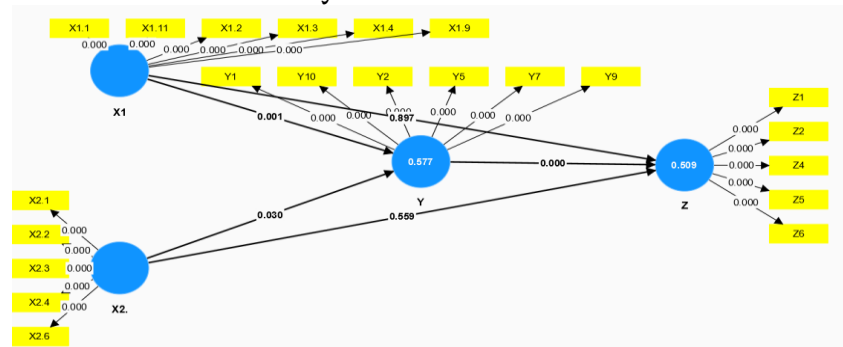


Figure 3. Inner Model

VIF Test Results

Table 4. VIF Test Results

Variable Relationship	VIF
GHRM -> CSR	3.483
GHRM -> ORGANIZATIONAL PERFORMANCE	3.889
<i>SUSTAINABLE ENVIRONMENT</i> -> CSR	3.483
<i>SUSTAINABLE ENVIRONMENT</i> -> ORGANIZATIONAL PERFORMANCE	3.818
CSR -> ORGANIZATIONAL PERFORMANCE	2.365

Based on the Variance Inflation Factor (VIF) table above, the results of the study are as follows:

1. A high VIF value (generally > 5 or 10) indicates the presence of high multicollinearity, while a low value indicates the absence of multicollinearity.
2. GHRM -> CSR (VIF = 3.483): The VIF value indicates that the relationship between GHRM and CSR has no multicollinearity problem.
3. GHRM -> Organizational Performance (VIF = 3.889): This relationship has a VIF value close to 4, still within reasonable limits. There is no indication of serious multicollinearity.
4. Sustainable Environment -> CSR (VIF = 3,483): This value is also within a safe range, so there are no multicollinearity issues.
5. Sustainable Environment -> Organizational Performance (VIF = 3,818): This value is slightly higher but remains in the fair category.
6. CSR -> Organizational Performance (VIF = 2,365): The lowest VIF among other variable relationships. There is no problem of multicollinearity.

The VIF values for all relationships were below 5, so there were no significant multicollinearity issues in this research model. The regression model can be considered valid for further analysis, as the relationships between the independent variables do not interfere with each other significantly.

Direct Effect

The impact of GHRM on CSR

Based on calculations using smart pls, the value of the Original Sample (O) is the coefficient of influence of GHRM on CSR is 0.414. This positive value shows that GHRM

has a positive influence on CSR. In other words, increasing the implementation of GHRM tends to improve CSR practices. The T-statistical value is 3,275. This value is greater than 1.96 (the minimum limit for a 5% significance level), so this influence is statistically significant. The P value is 0.001. This value is less than 0.05, confirming that the influence of GHRM on CSR is statistically significant. GHRM has a positive and significant influence on CSR. Good implementation of Green Human Resource Management (GHRM) can increase the company's contribution to its social responsibility (CSR) practices.

Table 5. Path Coefficients

Variable Relationship	Original Sample (O)	Sample Mean (M)	T Statistics (O/STDEV)	T Statistics (O/STDEV)	P Values
GHRM -> CSR	0.414	0.458	0.127	3.275	0.001
GHRM -> ORGANIZATIONAL PERFORMANCE	-0.021	0.012	0.161	0.129	0.897
SUSTAINABLE ENVIRONMENT -> CSR	0.377	0.337	0.174		0.030
SUSTAINABLE ENVIRONMENT -> ORGANIZATIONAL PERFORMANCE	0.079	0.092	0.136	0.584	0.559
CSR -> ORGANIZATIONAL PERFORMANCE	0.670	0.597	0.163	4.105	0.000

The Effect of GHRM on Organizational Performance

Based on calculations using SmartPLS Original Sample (O), the coefficient of influence of GHRM on Organizational Performance is -0.021. This negative value indicates that the influence of GHRM on Organizational Performance is not significant and even tends to be negative. This means that the increase in GHRM does not directly have a positive impact on the Organisation's Performance. The T-value of the statistics is 0.129. This value is much smaller than 1.96, indicating that the influence of GHRM on Organizational Performance is not statistically significant. The P value is 0.897. This value is much greater than 0.05, further reinforcing that the influence of GHRM on Organizational Performance is not significant. GHRM does not have a significant influence on Organizational Performance. The implementation of Green Human Resource Management (GHRM) does not have a direct impact on Organizational Performance in this research model. Possibly, the influence of GHRM on Organizational Performance occurs indirectly, for example through mediators such as CSR.

The Influence of Sustainable Environment on CSR

Based on calculations using SmartPLS Original Sample (O): The coefficient of influence of Sustainable Environment on CSR is 0.377. This positive value shows that the Sustainable Environment has a positive influence on CSR. This means that improvements in sustainable environmental management tend to increase corporate social responsibility (CSR). The T-value of the statistics is 2,166. This value is greater than 1.96, which indicates that this influence is statistically significant at a significant level of 5%. The P value is 0.030. This value is less than 0.05, which confirms that the influence of the Sustainable Environment on CSR is statistically significant. Sustainable Environment has a positive and significant influence on CSR. This means that the better a company manages the environment sustainably, the higher the level of corporate social responsibility (CSR) implementation.

The Influence of Sustainable Environment on Organizational Performance

Based on calculations using SmartPLS, the Original Sample (O) Coefficient of the influence of Sustainable Environment on Organizational Performance is 0.079. This positive value shows that the Sustainable Environment has a positive influence on Organizational Performance, even though the influence is weak. The T-value of the statistics is 0.584. This value is much smaller than 1.96, suggesting that this influence is

not statistically significant. The P value is 0.559. This value is much greater than 0.05, emphasizing that the influence of Sustainable Environment on Organizational Performance is not statistically significant. Sustainable Environment does not have a significant influence on Organizational Performance. This means that the company's efforts in maintaining a sustainable environment do not directly improve the performance of the organization in this research model. Most likely, the influence of the Sustainable Environment on Organizational Performance occurs through indirect channels (for example, through mediators such as CSR).

The Influence of CSR on Organizational Performance

Based on calculations using SmartPLS, the Original Sample (O) Coefficient of CSR influence on Organizational Performance is 0.670. This positive value shows that CSR has a positive influence on Organizational Performance. This means that increasing the implementation of corporate social responsibility (CSR) tends to improve organizational performance. The T-statistical value is 4,105. This value is greater than 1.96, indicating that this influence is statistically significant at a significant level of 5%. The P value is 0.000. This value is much smaller than 0.05, reinforcing that the influence of CSR on Organizational Performance is statistically significant. CSR has a positive and significant influence on Organizational Performance. Good CSR implementation can directly improve organizational performance, which includes achieving business goals, operational efficiency, and stakeholder satisfaction.

Indirect Effect

Table 6. Indirect Effects

Variable Relationship	Original Sample (O)	Sample Mean (M)	T Statistics (O/STDEV)	T Statistics (O/STDEV)	P Values
GHRM -> CSR -> ORGANIZATIONAL PERFORMANCE	0.278	0.263	0.080	3.472	0.001
SUSTAINABLE ENVIRONMENT -> CSR -> ORGANIZATIONAL PERFORMANCE	0.252	0.210	0.136	2.856	0.064

The influence of GHRM on Organizational Performance is mediated by CSR

Based on calculations using SmartPLS, the Original Sample (O) Coefficient of influence is 0.278. This positive value shows that GHRM has a positive influence on Organizational Performance through CSR mediation. The T-value of the statistics is 3,472. This value is greater than 1.96, which means this influence is statistically significant. The P value is 0.001. This value is less than 0.05, so this influence is statistically significant. CSR has successfully mediated the influence of GHRM on Organizational Performance. This means that the implementation of Green Human Resource Management (GHRM) does not directly affect organizational performance but has a positive impact through increasing the implementation of corporate social responsibility (CSR). This shows the importance of CSR as a connecting factor in this research model.

The Influence of Sustainable Environment on Organizational Performance Mediated by CSR

Based on calculations using SmartPLS, the Original Sample (O) Coefficient of influence is 0.252. This positive value shows that the Sustainable Environment has a positive influence on Organizational Performance through CSR mediation. The T-statistic value is 2.856. This value is greater than 1.96, which means this influence is statistically significant. The P value is 0.064. This value is slightly greater than 0.05, which confirms that the influence of this mediation is not statistically significant. CSR has succeeded in mediating the influence of the Sustainable Environment on Organizational Performance significantly. Despite the positive relationship direction (positive

coefficient), the results show that Sustainable Environment efforts are sufficient to significantly improve Organizational Performance through CSR in this research model.

DISCUSSION

The findings of this study provide important insights into the complex relationship between Green Human Resource Management (GHRM), Sustainable Environment, Corporate Social Responsibility (CSR), and organizational performance in the financial industry context. The results demonstrate that GHRM does not exert a significant direct effect on organizational performance, but instead influences performance indirectly through CSR. This finding reinforces the argument that sustainability-oriented HR practices do not automatically translate into performance outcomes unless they are strategically institutionalized through socially responsible mechanisms. In line with Stakeholder Theory and the Resource-Based View, CSR functions as a strategic conduit that transforms internal green capabilities into external legitimacy, stakeholder trust, and enhanced organizational outcomes. Thus, GHRM contributes to performance under managed conditions, where sustainability values are embedded within formal CSR initiatives rather than treated as isolated HR practices.

Similarly, the results reveal that Sustainable Environment practices have a positive and significant effect on CSR, yet their direct impact on organizational performance remains insignificant. This suggests that environmental initiatives alone may not be sufficient to generate immediate performance gains in service-based industries such as finance, where environmental impacts are less tangible compared to manufacturing sectors. Instead, environmental sustainability appears to enhance organizational performance when mitigated and operationalized through CSR, which aligns environmental responsibility with stakeholder expectations, corporate reputation, and long-term value creation. Although the indirect effect of Sustainable Environment through CSR shows a positive coefficient, its statistical significance is marginal, indicating that the performance benefits of environmental initiatives may require stronger institutionalization, longer time horizons, or complementary organizational capabilities to fully materialize.

Furthermore, CSR emerges as the most influential predictor of organizational performance in this model, underscoring its pivotal role as both a strategic and operational mechanism. The strong and significant effect of CSR on performance highlights that socially responsible practices—such as ethical governance, community engagement, and transparent sustainability reporting—serve as key drivers of efficiency, reputation, and stakeholder satisfaction in the financial sector. These findings support prior studies emphasizing that CSR is not merely a symbolic or philanthropic activity, but a performance-enhancing strategy when aligned with core organizational processes. Overall, this study advances the sustainability literature by demonstrating that the effects of GHRM and environmental practices on organizational performance are predominantly indirect rather than direct, reaffirming that sustainability initiatives yield optimal outcomes only when integrated through CSR-oriented management frameworks, particularly within emerging market financial institutions.

These findings indicate that both Green Human Resource Management (GHRM) and Sustainable Environment initiatives generate performance benefits under managed conditions, particularly when institutionalized through Corporate Social Responsibility (CSR) frameworks. In the context of the financial services industry, where sustainability impacts are largely intangible, CSR serves as a formal governance and communication mechanism that translates internal sustainability practices into measurable organizational performance outcomes.

CONCLUSION

This study concludes that Green Human Resource Management (GHRM) and Sustainable Environment practices do not directly enhance organizational performance in the financial industry context. Instead, their impact on performance is predominantly realized through the mediating role of Corporate Social Responsibility (CSR). Empirical results demonstrate that GHRM has a positive and significant indirect effect on

organizational performance via CSR, indicating that green HR initiatives contribute to performance outcomes only when strategically institutionalized within CSR frameworks. In contrast, while Sustainable Environment practices positively influence CSR, their indirect effect on organizational performance through CSR is positive but statistically marginal, suggesting that environmental initiatives require stronger organizational integration or longer-term implementation to yield measurable performance benefits.

Furthermore, CSR emerges as the most influential determinant of organizational performance, highlighting its critical role as a strategic mechanism that translates sustainability-oriented practices into tangible organizational outcomes. The insignificant direct effects of GHRM and Sustainable Environment should not be interpreted as a lack of importance; rather, they underscore that sustainability initiatives in service-based financial institutions operate effectively under managed conditions, particularly when aligned with formal CSR policies and stakeholder-oriented strategies. Overall, this study contributes to the sustainability and management literature by emphasizing that organizational performance gains from GHRM and environmental practices are largely indirect and conditional, reinforcing the centrality of CSR in driving sustainable performance within emerging market financial industries.

Theoretical and Managerial Implications

This study sheds light on how sustainability isn't just a buzzword—it's a strategic force. By showing that Corporate Social Responsibility (CSR) acts as a bridge between Green Human Resource Management (GHRM), environmental practices, and organizational performance, the research reinforces the idea that ethical and eco-conscious behavior can drive real business outcomes. It supports theories like Stakeholder Theory and the Resource-Based View, which argue that companies thrive when they treat sustainability and people as core assets—not side projects. Importantly, this study fills a gap in the literature by focusing on the financial sector in a developing economy, where sustainability is often overlooked. It offers a fresh perspective on how service-based industries, especially in emerging markets, can integrate green HR and environmental strategies to build stronger, more resilient organizations.

For leaders and decision-makers, the message is clear: sustainability works best when it's woven into the fabric of your organization. HR managers should rethink recruitment, training, and rewards to promote green values—not just compliance. CSR shouldn't be treated as a PR tool, but as a platform for building trust, engaging employees, and strengthening stakeholder relationships. While GHRM and environmental efforts may not directly boost performance, they do so indirectly through CSR—so investing in CSR is investing in long-term success. And in a country like Indonesia, where the financial sector is growing fast, managers must tailor sustainability strategies to local realities. That means understanding cultural values, regulatory frameworks, and community expectations. When done right, these efforts don't just improve internal performance—they elevate the company's reputation, competitiveness, and social impact in a world that's increasingly driven by purpose.

Limitations and Future Research

This study, while offering valuable insights into the relationship between Green Human Resource Management (GHRM), sustainable environment, Corporate Social Responsibility (CSR), and organizational performance, is not without limitations. First, the research was conducted within a single sector—financial industries in Indonesia—which may limit the generalizability of the findings to other sectors such as manufacturing, public services, or technology. Sector-specific dynamics, especially in service-based environments, may influence how sustainability strategies are perceived and implemented. Second, the use of non-probability sampling and a relatively small sample size ($n = 80$) may introduce bias and reduce the representativeness of the population, potentially affecting the robustness of statistical inferences. Third, the study relied on self-reported data through questionnaires, which may be subject to social desirability bias or respondent interpretation errors. Lastly, while SmartPLS 4.0 was used for structural

equation modeling, the study did not explore longitudinal effects or causal relationships over time, which could provide deeper insights into the sustainability-performance link.

Future studies can build on these findings by expanding the scope across multiple sectors and geographic regions to enhance external validity and comparative analysis. Researchers are encouraged to use probability sampling techniques and larger sample sizes to improve representativeness and statistical power. Longitudinal designs would be particularly valuable in capturing the evolving impact of GHRM and CSR on organizational performance over time. Additionally, qualitative approaches—such as interviews or case studies—could complement quantitative findings by uncovering contextual nuances, employee perceptions, and organizational culture dynamics that influence sustainability outcomes. Future research may also explore other mediating or moderating variables, such as leadership style, digital transformation, or stakeholder engagement, to enrich the theoretical framework and provide a more holistic understanding of sustainability integration in emerging economies.

REFERENCES

- [1] Ababneh, O. M. A. (2021). How do green HRM practices affect employees' green behaviors? The role of employee engagement and personality attributes. *Journal of Environmental Planning and Management*, 64(7), 1204–1226. <https://doi.org/10.1080/09640568.2020.1814708>
- [2] Alkornen, F., Haludin, G., Al-Bantani, M. P., Christover, W. D., & Hertianto, R. P. (2024). Corporate Social Responsibility Sebagai Perwujudan Dari Budaya Perusahaan PT. *Intraco Penta, TBK. Jurnal Multidisiplin Ilmu*, 3(03), 321–330.
- [3] Anabella. (2022). Pengaruh Pengungkapan Sustainability Report, Leverage Dan Activity Terhadap Kinerja Perusahaan. *Balance: Jurnal Akuntansi, Auditing Dan Keuangan*, 19(1), 65–98.
- [4] Egdair, I., Hachicha, M., Samed, A. A., & Rajemi, M. F. (2024). Enterprise Resource Planning Adoption and Organizational Performance: An Investigated Study in Libyan Public Organizations Using Structural Equation Modeling. *Open Journal of Business and Management*, 12(05), 2927–2948.
- [5] Elkhori, N. E. M., & Budianto, E. W. H. (2024). Pengaruh Kecerdasan Emosional, Self-Efficacy, dan Kompetensi terhadap Kinerja Karyawan dengan Kepuasan Kerja sebagai variabel mediasi. *Dimensi*, 13(2), 468–478.
- [6] Faeni, D. P. (2024). Green practices and employees' performance: The mediating roles of green human resources management policies and knowledge development. *Journal of Infrastructure, Policy and Development*, 8(8), 4924. <https://doi.org/10.24294-/jipd.v8i8.4924>
- [7] Faeni, D. P. (2024). SERVQUAL measures: Indonesian government healthcare (BPJS) from a human resource perspective. *Journal of Infrastructure, Policy and Development*, 8(2).
- [8] Faeni, D. P., Faeni, P. F., Basrowi., Sungkono. (2025). Green HRM for sustainable aviation: An integration evaluation using PLS-SEM and fsQCA. *Environmental Challenges*, Vol 20, 101232, ISSN 2667-0100, <https://doi.org/10.1016/j.envc.2025.101232>
- [9] Faeni, D. P., Oktaviani, R. F., Riyadh, H. A., Faeni, R. P., & Beshr, B. A. H. (2025). Green Human Resource Management and Sustainable Practices on Corporate Reputation and Employee Well-being: A Model for Indonesia's F&B Industry. *Environmental Challenges*, 101082.
- [10] Faeni, D. P., Puspitaningtyas Faeni, R., Alden Riyadh, H., & Yuliansyah, Y. (2023). The COVID-19 pandemic impact on the global tourism industry SMEs: a human capital development perspective. *Review of International Business and Strategy*, 33(2), 317–327.
- [11] Faeni, D. P., & Rahma, S. A. (2024). Optimizing Human Resources Management at PT. Sritex with Business Intelligence. *LANCAH: Jurnal Inovasi Dan Tren*, 2(2), 527–531.
- [12] Faeni, R. P., & Faeni, D. P. (2025). Syariah Self-Efficacy, Competency Certification, and Digital Literacy on Work Readiness of Expertise Program Students Mediated by Field Work Practices in The Islamic Concept. *Amwaluna: Jurnal Ekonomi dan Keuangan Syariah*, 9(1), 84-107.
- [13] Fahim, A., & Pujianto, W. E. (2024). Analisis Peran Komunikasi Organisasi IPNU-IPPNU Ranting Jambangan Candi Sidoarjo Untuk Meningkatkan Kinerja Organisasi. *Journal of Science and Education Research*, 3(1), 7–12. <https://doi.org/10.62759/jser.v3i1.53>
- [14] Fauzi, F., & Siregar, M. H. (2020). Pengaruh Kompetensi Dan Kinerja Karyawan Terhadap Pengembangan Karir Di Perusahaan (Studi Kasus di PT WB, Tbk Wilayah Penjualan III Jakarta). *Journal of Entrepreneurship, Management, and Industry*, 2(1).
- [15] Fauziah, N. A., Faeni, D. P., Wibowo, A., & Fikri, N. (2024). Hubungan antara Learning Agility, Eksplorasi Kompetensi, dan Training and Development terhadap Kinerja Karyawan Dimediasi Komitmen Organisasi pada PT. Kaya Raya Turun Temurun (The Relationship between Learning Agility, Competency Exploration, and Tr. *Studi Ilmu Manajemen Dan Organisasi (SIMO)*, 5(2), 223–236.
- [16] Giovanni, N., & Ali, H. (2024). Pengaruh Pelatihan, Motivasi dan Kompetensi terhadap Kinerja (Pemanfaatan Artificial Intelligence dalam Systematic Literature Review Manajemen Sumber Daya Manusia). *Jurnal Manajemen Pendidikan Dan Ilmu Sosial*, 5(3), 564–573.

- [17] Gitaya, R. V. S. (2024). Pengaruh Green Human Resources Management Dan Employee Eco Friendly Behavior Terhadap Keberlanjutan Organisasi Yang Dimediasi Oleh Kinerja Lingkungan Pada Perusahaan Pdam Surakarta. *Jurnal Bina Bangsa Ekonomika*, 17(1), 629–647.
- [18] Hendayana, Y., El-Kafafi, S., Waskito, M., & Faeni, D. P. (2024). Business Networking, Innovation, and Firm Competitiveness: The Case of Handicraft Industry in Indonesia. *Integrated Journal of Business and Economics*, 8(2), 129-144.
- [19] Hendayana, Y., Faeni, D. P., & El-Kafafi, S. (2024). The Mediating Effect of Islamic Marketing Capabilities in The Relationship Between Entrepreneurial Orientation And Firm Performance at Handicraft SMEs In West Java. *Amwaluna: Jurnal Ekonomi dan Keuangan Syariah*, 8(2), 383-396.
- [20] Indriani, K., & Zhafira, N. H. (2022). Pengaruh Persepsi Karyawan Atas Corporate Social Responsibility (CSR) terhadap Komitmen Organisasi pada PT Raja Marga Nagan Raya. *Regress: Journal of Economics & Management*, 2(2).
- [21] Insani, J. D. C., & Rizky, G. (2024). Pengaruh Green Human Resource Management Terhadap Green Competitive Advantage Dengan Organizational Citizenship Behavior for Environment Sebagai Variabel Intervening. *EKOMA: Jurnal Ekonomi, Manajemen, Akuntansi*, 3(6), 1932–1950.
- [22] Irma, S., Bisnis, M., Batam, P. N., Bisnis, J. M., & Batam, P. N. (2021). Pengaruh Sustainability Report Terhadap Kinerja Keuangan. *Journal Of Applied Managerial Accounting*, 5(2).
- [23] Isrososiawan, S., Rahayu, A., Wibowo, L. A., & Dewatmoko, S. (2023). Green Human Resources Management Mendukung Kinerja Lingkungan Industri Perhotelan. *Universitas Pendidikan Indonesia*, 457–470.
- [24] Munzir, M., Andriyan, Y., & Hidayat, R. (2023). Consumer Goods: Pengaruh Profitabilitas dan Leverage Terhadap Nilai Perusahaan Dimediasi oleh Corporate Social Responsibility. *Jurnal Akuntansi Dan Governance*, 3(2), 153. <https://doi.org/10.24853/jago.3.2.153-165>
- [25] Naek, T. (2020). Pengaruh Corporate Social Responsibility terhadap Kinerja Perusahaan dengan Good Corporate Governance sebagai Variabel Moderasi pada Perusahaan Manufaktur di Bursa Efek Indonesia Periode 2015-2017. *Journal Maranatha*, 12, 123–136.
- [26] Ningrum, H., Purnama, A. A., Oktaviana, A., Calista, G., Perwira, I. F. A., & Nasim, A. (2020). Faktor – faktor yang Mempengaruhi Penerapan Corporate Social Responsibility (CSR) di Perusahaan. *Journal of Business Management Education (JBME)*, 4(3), 46–53. <https://doi.org/10.17509/jbme.v4i3.22007>
- [27] Porter, M. E., & Kramer, M. R. (2021). Creating shared value. *Harvard Business Review*, 89(1–2). <https://doi.org/10.2139/ssrn.3683975>
- [28] Pujiati, H., Feani, D. P., & Cahaya, Y. F. (2025). Self-Efficacy, engagement, and spiritual intelligence on performance via OCB among Jakarta educators. *Annals of Human Resource Management Research*, 5(1), 43–59. <https://doi.org/10.35912/ahrmr.v5i1.2861>
- [29] Purnama, N. D. & Nawangsari, L. C. (2020). Pengaruh Green Human Resource Management Terhadap Sustainability Business: Pendekatan Konsep. *Pengaruh Green Human Resource Management Terhadap Sustainability Business*, 32–39.
- [30] Putri, I. T. (2020). Implementasi CSR Perbankan Pada UMKM Batik Lasem Untuk Meningkatkan Kesejahteraan Masyarakat. 10–28.
- [31] Rachman, A. A., Hikmah, R., Sukma, V. A., & Sri, D. (2024). Pengaruh Corporate Social Responsibility (Csr) Dan Motivasi Terhadap Kinerja Karyawan. *PPIMAN: Pusat Publikasi Ilmu Manajemen*, 1.
- [32] Siburian, N. A., & Sugiarto, A. (2022). Implementasi Praktik Green Human Resources Management. *JURISMA: Jurnal Riset Bisnis & Manajemen*, 12(2), 336–360. <https://doi.org/10.34010/jurisma.v12i2.5973>
- [33] Tripathi, A., & Kalia, P. (2024). Examining the effects of supportive work environment and organisational learning culture on organisational performance in information technology companies: The mediating role of learning agility and organisational innovation. *Innovation: Organization and Management*, 26(2), 257–277. <https://doi.org/10.1080/14479338.2022.2116640>
- [34] Utama, E. P., Meiliani, & Anggarawati, S. (2022). Praktik Green Human Resource Management Pada Pt Bank Bengkulu. *Student Journal of Business and Management*, 5(3), 837–861.
- [35] Wijonarko, G., & Wirapraja, A. (2022). Pengaruh Green Human Resource Management Terhadap Peningkatan Kepuasan Kerja dan Produktivitas Karyawan Melalui Perspektif Technology Acceptance Model (TAM). *KONSTELASI: Konvergensi Teknologi Dan Sistem Informasi*, 2(1), 13–22. <https://doi.org/10.24002/konstelasi.v2i1.5545>
- [36] Zahrani, A. A. (2024). The influence of green human resource management practices on organizational environmental performance: mediating roles of green innovation and employee performance. *Cogent Business and Management*, 11(1). <https://doi.org/10.1080/23311975.2024.2387378>
- [37] Zhao, W., & Huang, L. (2022). The impact of green transformational leadership, green HRM, green innovation and organizational support on the sustainable business performance: evidence from China. *Economic Research-Ekonomika Istrazivanja*, 35(1), 6121–6141.