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The Influence Of Green Human Resource Management On Corporate Performance Through Green Organizational Culture In Manufacturing Companies Cilegon

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Abstract.

Company performance is an important measure that describes the organization's ability to achieve preset goals. In the literature, company performance is often seen as a multidimensional concept that includes financial, operational, innovation, and sustainability aspects. A modern approach to corporate performance assesses not only an organization's success from economic gains, but also its contribution to the environment, society, and corporate governance. In general, financial performance is the most commonly used element to measure an organization's success, including indicators such as profitability, return on assets (ROA), and return on equity (ROE). Corporate performance measurement frameworks have evolved a lot, from traditional approaches that only assess financial performance to holistic approaches such as the Sustainability Balanced Scorecard (SBSC) that combine financial and sustainability aspects. In addition, the Environmental, Social, and Governance (ESG)-based approach is the main framework for measuring organizational sustainability, which includes not only environmental impacts but also social responsibility and governance. In recent years, the company's leaders, in this case, the Board of Directors and managers, are increasingly aware that to be able to survive in the national and global arena, the company is required to carry out environmentally friendly implementation to achieve sustainable Company Performance. This study aims to analyze the influence of Green Human Resource Management on company performance, analyzing the influence of Green Organizational culture on company performance. And Green Human Resource Management on the Company's performance through Green Organizational culture on the Company's performance. The practical contribution of this research is as a reference for the Board of Directors and stakeholders to improve sustainable corporate performance by implementing Green Human Resource Management and Green Organizational culture. This study uses a quantitative approach, the population in this study is company employees with Manager and Superintendent levels in the Cilegon Industrial area Banten with an analysis sample of 149 employees. The data analysis technique uses the Structural Equation Modelling model. The results of this research analysis show that Green Human Resource Management has a positive and significant effect on company performance, Green Organizational Culture can mediate Company Performance.

Keywords: Green Human Resources Management, Green Organizational Culture, and Corporate Performance.

1 Introduction

Rapid technological developments encourage government institutions and organizations to improve performance, where human resource management is a determinant of organizational success (Aprilia et al., 2020; Priwidianti, 2022). HR is an important asset that provides creativity, ability, and drive to achieve organizational goals (Windi et al., 2021). Therefore, the quality of human resources needs to continue to be improved through training and development



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to be able to adapt to changes in the environment. Leadership also plays an important role in creating good working relationships, increasing employee morale, and productivity, as stated by Widjaja et al. (2019) and Hasibuan (2016).

The organization's goals are no longer only profit-oriented, but also employee welfare and company sustainability (Setiani, 2013; Ferdian & Devita, 2020). In this context, the practice of Green Human Resource Management (GHRM) is important because it is able to improve organizational performance (Rumate et al., 2022). One of the other important factors is green transformational leadership (GTL), which is the ability of leaders to establish pro-environmental policies and mobilize employees to support those policies (Lestari & Nawangsari, 2019). Leaders with this style can boost employee morale and productivity, especially when their needs are met.

The application of green industry principles is Indonesia's strategic step in reducing greenhouse gas emissions in accordance with the NDC 2030 and NZE 2060 targets, as well as referring to national policies through Presidential Regulation No. 98 of 2021. This is also related to PROPER as an indicator of the company's environmental performance. Industries in Cilegon City, including PT Krakatau Steel, are examples of companies that apply green industry principles in their production processes. The implementation of green practices such as GHRM and Green Transformational Leadership is also becoming increasingly important in reducing environmental impacts, improving company image, and encouraging employee satisfaction and engagement (Chen & Wu, 2022; Singh et al., 2020; Darvishmotevali & Altinay, 2022).

Although various studies on GHRM, Green Transformational Leadership, have been conducted, there are still research gaps, especially in the context of the manufacturing industry such as in Cilegon. The synergy between the two concepts in improving company performance has not been studied comprehensively. This research offers novelty by integrating the two concepts in one holistic framework in influencing company performance. Thus, this research makes an important contribution in understanding how the implementation of environmental sustainability practices can improve overall organizational outcomes.

2 Method

2.1 Operational Definition of Variables

Green Human Resource Management is a set of human resource management practices that focus on implementing policies, procedures, and work behaviors that support environmental sustainability through environmentally friendly employee management. This construct is measured using four indicators: Recruitment and Selection, Training and Development, Performance Evaluation and Award Policy.

Green Organizational Culture is the extent to which values, norms, and practices within an organization encourage and facilitate environmentally friendly behavior among employees, which is reflected through company policies, daily behaviors, and operational decisions oriented towards environmental sustainability. This construct is measured using three indicators: Eco-Friendly Values and Norms, Employee Participation and Resource Efficiency.

Company Performance is a measure of an organization's effectiveness in achieving its business goals, both in terms of employee satisfaction, operations, and environmental sustainability, which includes reducing environmental impact, process efficiency, and green



innovation. This construct is measured using three four indicators: employee satisfaction, operational performance, green innovation, contribution to sustainability.

2.2 Population and Sample

A population is a generalized area that includes objects or subjects with certain qualities and characteristics that the researcher chooses to study (Chandrarin, 2017). The population in this study is employees with middle management levels (Managers, Heads of Divisions, Heads of Departments, Superintendents, Heads of Departments, and Sr Engineers) in manufacturing companies located in Cilegon. This population was chosen because manufacturing companies play an important role in the Indonesian economy and face great challenges in terms of implementing environmentally friendly practices. The population in this study is 552 employees.

The sampling technique in this study, the researcher used the probability sampling method. According to Sugiyono (2017), "probability sampling is a sampling technique that provides the same opportunity or possibility for each element or member of the population to be selected as a sample". In this study, the researcher used the Proportional stratified random sampling method, which is a sampling technique used when the population is not homogeneous or has different characteristics. This method involves dividing the population into groups (strata) based on those characteristics, and then taking a proportional random sample of each strata. The sampling calculation using the Proportional Random Sampling technique can be sampled, because the number of samples should not be less than 100, the margin of error is adjusted to $e = 7\%$ (0.07). Thus, the number of samples used in this study is 149 respondents.

2.3 Data Analysis Techniques

This analysis was used to determine the magnitude of simultaneous influence between research variables in the Structural Equation Model assisted by the AMOS program. Before conducting a research hypothesis test, it is necessary to first ensure that the estimation model test (CFA – Conformatory Factor Analysis) for each latent variable construct, and after that the full-SEM test is carried out. In general, in SEM analysis, it is necessary to pay attention to the seven steps of the Structural Equation Model analysis.

3 Result

3.1 SEM-AMOS Analysis

This analysis was used to determine the magnitude of simultaneous influence between research variables in the Structural Equation Model assisted by the AMOS program. Before conducting a research hypothesis test, it is necessary to first ensure that the estimation model test (CFA – Conformatory Factor Analysis) for each latent variable construct, and after that the full-SEM test is carried out. In general, in SEM analysis, it is necessary to pay attention to the seven steps of the Structural Equation Model analysis. These steps are described as follows: Theoretical Model Development, Compiling a Path Diagram, Analyzing the Data Input Matrix, Assessing Model Identification, Testing Model Accuracy, Evaluating the Goodness of Fit, Modifying the Model Index of Structural Equations.



3.2 Inferential statistical analysis

Inferential analysis is a statistical method used to examine a portion of the data, known as a sample, and then generalize the findings to the rest of the population. This study uses the Amos version 30 program tool to analyze inferential data according to the hypothesis formulated.

Evaluation of Measurement Models

In the initial stage, an evaluation of the measurement model (Measurement Model) using CFA (Confirmatory Factor Analysis) with type analysis was carried out; (1) AVE (Average Variance Extracted) to test the validity of the measurement model; and (2) RC (Reliability Construct) to test the consistency/reliability level of the measurement model. In the next stage, (3) evaluate the full SEM Model using the Goodness of Fit index criteria table. The results of the CFA evaluation can be presented in the table below:

Table 1. Hasil CFA (Confirmatory Factor Analysis)

Variabel	AVE	Reliability Construct	Result
1	2	3	4
<i>Green Human Resources Management</i>	0,532	0,819	Valid and Reliable
<i>Green Organizational Culture</i>	0,663	0,853	Valid and Reliable
<i>Firm Performance</i>	0,632	0,873	Valid and Reliable

Source: Amos 30 Data Processing

Evaluation of Loading Factors in Measurement Models

The next step is to evaluate the measurement model by observing the value of the loading factor for each latent variable construct of the research. The results of the evaluation of the loading factor value are grouped according to the research variables presented in the table below:

Table 2. Factor Loading Evaluation Table

Indicator Variables	FactorLoading			Information (> 0,50)
	<i>Green Human Resources Management</i>	<i>Green Organizational Culture</i>	<i>Firm Performance</i>	
GHRM1	0,724			Valid
GHRM2	0,77			Valid
GHRM3	0,66			Valid
GHRM4	0,758			Valid
GOC1		0,657		Valid
GOC2		0,888		Valid
GOC3		0,877		Valid
FP1			0,726	Valid
FP2			0,845	Valid



FP3	0,844	Valid
FP4	0,759	Valid

Source: Amos 30 Data Processing

Evaluation of the Research Path

Pathway analysis is used to establish some research findings and important research findings. In the table below, the results of direct, indirect and total influence are presented for the evaluation of the path analysis. Serve in the table below:

Table 3. Direct, Indirect and Total Influence

	Variabel			Coeficin		
	Exogenous	Intervening	Endogenous	Direct	Indirect	Total
H1	X1 <i>Green Human Resources Management</i>		Y2 <i>Firm Performance</i>	1,436		
H2	X1 <i>Green Human Resources Management</i>	Y1 <i>Green Organizational Culture</i>		4,443	>	
H3		Y1 <i>Green Organizational Culture</i>	Y2 <i>Firm Performance</i>	1,416	>	
H4	X1 <i>Green Human Resources Management</i>	Y1 <i>Green Organizational Culture</i>	Y2 <i>Firm Performance</i>	1,436	4,443 x 1,416=6,291	9,034

3.3 Hypothesis Testing

Hypothesis testing in this study was carried out by analyzing the probability value (p), if the p value is less than or equal to 0.05, it is said that there is a significant influence. The suitability test of the structural equation model as described earlier shows that the model is fit because it has met the cut-off value, so the model is considered feasible to test the hypothesis. The research hypothesis is accepted if the p value < of significance of 5%, then the null hypothesis is rejected. The results of hypothesis testing with the AMOS program are presented in the following table:

Table 4. Weight Regression Analysis Results

Variabel	Path Coefficients Standardized	C.R.	p.	Information
<i>Green Human Resources Management (GHRM)</i> → <i>Firm Performance (FP)</i>	1,436	2,002	0,020	<i>Signifikan</i>



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<i>Green Human Resources Management (GHRM)</i>	→	<i>Green Organizational Culture (GOC)</i>	4,443	1,982	0,016	<i>Signifikan</i>
<i>Green Organizational Culture (GOC)</i>	→	<i>Firm Performance (FP)</i>	1,416	2,191	0,010	<i>Signifikan</i>

Source: Primary Data Processed, 2025

4 Discussion

Green Human Resources Management has a positive influence on Firm Performance.

The influence of Green Human Resources Management on Firm Performance resulted in a C.R (critical ratio) value of 2.002 with a p-value of 0.020. Because the p-value is smaller than the statistical significance at $\alpha = 5\%$, the hypothesis that Green Human Resources Management has a positive and significant effect on Firm Performance is acceptable. It can be concluded that the first hypothesis that states that the better Green Human Resources Management, the more Firm Performance will be improved. This shows that the first hypothesis is acceptable and proven.

Green Human Resources Management has a positive influence on Green Organizational Culture

The influence of Green Human Resources Management on Green Organizational Culture resulted in a C.R value of 1.982 with a p-value of 0.016. Because the p-value is smaller than the statistical significance at $\alpha = 5\%$, the hypothesis that Green Human Resources Management has a positive and significant effect on Green Organizational Culture is acceptable. It can be concluded that the better Green Human Resources Management is done, the more Green Organizational Culture will be improved.

Green Organizational Culture has a positive influence on Firm Performance.

The influence of Green Organizational Culture on Firm Performance resulted in a C.R value of 2.191 with a p-value of 0.010. Because the p-value is smaller than the statistical significance at $\alpha = 5\%$, the hypothesis that Green Organizational Culture on Firm Performance has a positive and significant effect is acceptable. It can be concluded that the better the Green Organizational Culture is done, the better the Firm Performance will be improved.

Analyzing Green Organizational Culture mediates the influence between Green Human Resources Management and Firm Performance.

In the Table of Direct, Indirect and Total Influence, it can be explained that the indirect influence of Green Human Resources Management on Firm Performance through Green Organizational Culture has a total coefficient value of 9.034 and is greater than the direct influence of Green Human Resources Management on Green Organizational Culture of 1.436. These results show that the Green Organizational Culture variable can mediate the influence of Green Human Resources Management on Firm Performance so that the hypothesis that Green Organizational Culture mediates the influence of Green Human Resources Management on Firm Performance Culture can be accepted and proven..



E-ISSN:
2721-13988

5 Conclusion

concluded that the first hypothesis that states that the better Green Human Resources Management, the more Firm Performance will be improved. This research shows that GHRM practices, such as recruitment, training, and performance appraisals that focus on environmental sustainability, can improve company performance.

Green Human Resources Management has an effect on Green Organizational Culture is acceptable. It can be concluded that the better Green Human Resources Management is done, the more Green Organizational Culture will be improved. These findings indicate that factors related to Green Human Resources Management such as recruitment & selection, training & development, performance evaluation and reward policies are fully effective in encouraging Green Organizational Culture.

Green Organizational Culture has an effect on Firm Performance is acceptable. It can be concluded that the better the Green Organizational Culture is done, the better the Firm Performance will be improved. These findings indicate that Green Organizational Culture encompasses values, philosophies, and principles that support environmental sustainability, and plays an important role in environmentally friendly innovation

Green Organizational Culture can mediate Green Human Resources Management affects Firm Performance, so the hypothesis that Green Organizational Culture mediates Green Human Resources Management has an effect on Firm Performance can be accepted and proven.

References (TNR 14pt., bold)

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By

Wahid Sumarjo, Boge Triatmanto, Harianto Respati

Merdeka University of Malang, Indonesia

Abstract

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1. Introduction

Rapid technological developments encourage government institutions and organizations to improve performance, where human resource management is a determinant of organizational success (Aprilia et al., 2020; Priwidianti, 2022). HR is an important asset that provides creativity, ability, and drive to achieve organizational goals (Windi et al., 2021). Therefore, the quality of human resources needs to continue to be improved through training and development to be able to adapt to changes in the environment. Leadership also plays an important role in creating good working relationships, increasing employee morale, and productivity, as stated by Widjaja et al. (2019) and Hasibuan (2016).

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City, including PT Krakatau Steel, are examples of companies that apply green industry principles in their production processes. The implementation of green practices such as GHRM and Green Transformational Leadership is also becoming increasingly important in reducing environmental impacts, improving company image, and encouraging employee satisfaction and engagement (Chen & Wu, 2022; Singh et al., 2020; Darvishmotevali & Altınay, 2022).

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2. RESEARCH METHOD

2.1 Operational Definition of Variables

Green Human Resource Management is a set of human resource management practices that focus on implementing policies, procedures, and work behaviors that support environmental sustainability through environmentally friendly employee management. This construct is measured using four indicators: Recruitment and Selection, Training and Development, Performance Evaluation and Award Policy.

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3. RESEARCH RESULT AND DISCUSSION

3.1 SEM-AMOS Analysis

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Inferential analysis is a statistical method used to examine a portion of the data, known as a sample, and then generalize the findings to the rest of the population. This study uses the Amos version 30 program tool to analyze inferential data according to the hypothesis formulated.

Evaluation of Measurement Models

In the initial stage, an evaluation of the measurement model (Measurement Model) using CFA (Confirmatory Factor Analysis) with type analysis was carried out; (1) AVE (Average Variance Extracted) to test the validity of the measurement model; and (2) RC (Reliability Construct) to test the consistency/reliability level of the measurement model. In the next stage, (3) evaluate the full SEM Model using the Goodness of Fit index criteria table. The results of the CFA evaluation can be presented in the table below:



Hasil CFA (*Confirmatory Factor Analysis*)

Variabel	AVE	Reliability Construct	Result
1	2	3	4
<i>Green Human Resources Management</i>	0,532	0,819	Valid and Reliable
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<i>Firm Performance</i>	0,632	0,873	Valid and Reliable

Source: Amos 30 Data Processing

Evaluation of Loading Factors in Measurement Models

The next step is to evaluate the measurement model by observing the value of the loading factor for each latent variable construct of the research. The results of the evaluation of the loading factor value are grouped according to the research variables presented in the table below:

Factor Loading Evaluation Table

Indicator Variables	FactorLoading			Information (> 0,50)
	<i>Green Human Resources Management</i>	<i>Green Organizational Culture</i>	<i>Firm Performance</i>	
GHRM1	0,724			Valid
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GHRM3	0,660			Valid
GHRM4	0,758			Valid
GOC1		0,657		Valid
GOC2		0,888		Valid
GOC3		0,877		Valid
FP1			0,726	Valid
FP2			0,845	Valid
FP3			0,844	Valid
FP4			0,759	Valid



Source: Amos 30 Data Processing

Evaluation of the Research Path

Pathway analysis is used to establish some research findings and important research findings. In the table below, the results of direct, indirect and total influence are presented for the evaluation of the path analysis. Serve in the table below:

Direct, Indirect and Total Influence

	Variabel			Coeficin		
	Exogenous	Intervening	Endogenous	Direct	Indirect	Total
H1	X1 <i>Green Human Resources Management</i>		Y2 <i>Firm Performance</i>	1,436		
H2	X1 <i>Green Human Resources Management</i>	Y1 <i>Green Organizational Culture</i>		4,443	>	
H3		Y1 <i>Green Organizational Culture</i>	Y2 <i>Firm Performance</i>	1,416	>	
H4	X1 <i>Green Human Resources Management</i>	Y1 <i>Green Organizational Culture</i>	Y2 <i>Firm Performance</i>	1,436	4,443 x 1,416=6,291	9,034



3.3 Hypothesis Testing

Hypothesis testing in this study was carried out by analyzing the probability value (p), if the p value is less than or equal to 0.05, it is said that there is a significant influence. The suitability test of the structural equation model as described earlier shows that the model is fit because it has met the cut-off value, so the model is considered feasible to test the hypothesis. The research hypothesis is accepted if the p value < of significance of 5%, then the null hypothesis is rejected. The results of hypothesis testing with the AMOS program are presented in the following table:

Weight Regression *Analysis Results*

Variabel		Path Coefficients Standardize d	C.R.	p.	Informatio n
<i>Green Human Resources Management (GHRM)</i>	→ <i>Firm Performance (FP)</i>	1,436	2,00 2	0,02 0	Signifikan
<i>Green Human Resources Management (GHRM)</i>	→ <i>Green Organization al Culture (GOC)</i>	4,443	1,98 2	0,01 6	Signifikan
<i>Green Organization al Culture (GOC)</i>	→ <i>Firm Performance (FP)</i>	1,416	2,19 1	0,01 0	Signifika n

Source: Primary Data Processed, 2025

3.4 DISCUSSION

Green Human Resources Management has a positive influence on Firm Performance.

The influence of Green Human Resources Management on Firm Performance resulted in a C.R (critical ratio) value of 2.002 with a p-value of 0.020. Because the p-value is smaller than the statistical significance at $\alpha = 5\%$, the hypothesis that Green Human Resources Management has a positive and significant effect on Firm Performance is acceptable. It can be concluded that the first hypothesis that states that the better Green Human Resources Management, the more Firm Performance will be improved. This shows that the first hypothesis is acceptable and proven.



E-ISSN:
2721-13988

Green Human Resources Management has a positive influence on Green Organizational Culture

The influence of Green Human Resources Management on Green Organizational Culture resulted in a C.R value of 1.982 with a p-value of 0.016. Because the p-value is smaller than the statistical significance at $\alpha = 5\%$, the hypothesis that Green Human Resources Management has a positive and significant effect on Green Organizational Culture is acceptable. It can be concluded that the better Green Human Resources Management is done, the more Green Organizational Culture will be improved.

Green Organizational Culture has a positive influence on Firm Performance.

The influence of Green Organizational Culture on Firm Performance resulted in a C.R value of 2.191 with a p-value of 0.010. Because the p-value is smaller than the statistical significance at $\alpha = 5\%$, the hypothesis that Green Organizational Culture on Firm Performance has a positive and significant effect is acceptable. It can be concluded that the better the Green Organizational Culture is done, the better the Firm Performance will be improved.

Analyzing Green Organizational Culture mediates the influence between Green Human Resources Management and Firm Performance.

In the Table of Direct, Indirect and Total Influence, it can be explained that the indirect influence of Green Human Resources Management on Firm Performance through Green Organizational Culture has a total coefficient value of 9.034 and is greater than the direct influence of Green Human Resources Management on Green Organizational Culture of 1.436. These results show that the Green Organizational Culture variable can mediate the influence of Green Human Resources Management on Firm Performance so that the hypothesis that Green Organizational Culture mediates the influence of Green Human Resources Management on Firm Performance Culture can be accepted and proven.

4. CONCLUSION

Green Human Resources Management affects Firm Performance is acceptable. It can be concluded that the first hypothesis that states that the better Green Human Resources Management, the more Firm Performance will be improved. This research shows that GHRM practices, such as recruitment, training, and performance appraisals that focus on environmental sustainability, can improve company performance.

Green Human Resources Management has an effect on Green Organizational Culture is acceptable. It can be concluded that the better Green Human Resources Management is done, the more Green Organizational Culture will be improved. These findings indicate that factors related to Green Human Resources Management such as recruitment & selection, training & development, performance evaluation and reward policies are fully effective in encouraging Green Organizational Culture.

Green Organizational Culture has an effect on Firm Performance is acceptable. It can be concluded that the better the Green Organizational Culture is done, the better the Firm Performance will be improved. These findings indicate that Green Organizational Culture



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2721-13988

encompasses values, philosophies, and principles that support environmental sustainability, and plays an important role in environmentally friendly innovation

Green Organizational Culture can mediate Green Human Resources Management affects Firm Performance, so the hypothesis that Green Organizational Culture mediates Green Human Resources Management has an effect on Firm Performance can be accepted and proven.

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