1-1-2023

Green human resource management and employee innovative behaviour: Does inclusive leadership play a role?

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ABSTRACT

Purpose: This study examines the relationship between green human resource management (green HRM) and employee innovative behaviour. It also investigates the mediating role of job satisfaction to explore the mechanism through which green HRM is related to employee innovative behaviour. Additionally, it examines the moderating role of inclusive leadership to determine the boundary condition of the relationship between green HRM and employee innovative behaviour.

Design/methodology/approach: The study used a quantitative research approach using survey and collected 508 responses from full-time employees in Australia.

Findings: We have found support for all the hypothesised relationships in the study. Specifically, green HRM is positively related to employee innovative behaviour. This relationship is mediated by job satisfaction and accentuated by inclusive leadership.

Originality: Green HRM promotes a green atmosphere in which employees can contribute to a safer and healthier environment. Despite the increasing attention to green HRM in the management literature, little is known about the mechanisms and boundary conditions explaining employees' responses to green HRM.

Keywords:

Green human resource management; employee innovative behaviour; inclusive leadership; job satisfaction

INTRODUCTION

In a highly globalised and competitive world, organisations face various challenges to survive and ensure a sustainable growth. One of the most important challenges for contemporary organisations is the uniqueness of products and/or services (Harrison-Walker, 2001). Specifically, uniqueness defined as innovation refers to the creation, development, and implementation of new ideas by employees that is fundamental for organisations' competitiveness (Pierce & Delbecq, 1977). Kwon and Kim (2020) refer to creativity and innovation as the hallmarks of the contemporary business which are essential elements in leading organisations to success. As people are the ones who create and develop new ideas, their innovative behaviour highly depends on effective human resources management (HRM) (Kianto et al., 2017).

Research shows that HRM, defined as managing people and workplaces to attain competitive advantage, is vital to employee innovative behaviour (Sanders et al., 2010). Demonstration of innovative behaviour by employees largely depends on how they feel about their work environment and HR practices (Bowen & Ostroff, 2004). When employees perceive that HR practices are fair and committed towards them, they would work wholeheartedly and give back by exhibiting innovative behaviour (Kinnie et al., 2005). Thus, HRM practices are crucial in developing an organisation's capabilities and competitiveness through creating firm identity and stimulating innovation (Diaz-Fernandez et al., 2015).

While prior studies have highlighted the importance of HRM practices in stimulating employee innovative behaviour, they largely ignored to investigate whether green human resource management (green HRM), as an effective and emerging HRM approach, can promote employee innovative behaviour. Green HRM refers to the integration of human resource management and environmental management to develop and achieve environmental objectives (Renwick et al., 2013). Ren, Tang and E Jackson (2018, p. 778) proposed a definition for green

HRM as "phenomena relevant to understanding relationships between organisational activities that impact the natural environment and the design, evolution, implementation and influence of HRM systems." In particular, they refer to green HRM as an HRM system that is proactive and positive in addressing environmental concerns. For instance, organisations can achieve this by (1) articulating an overarching HRM philosophy that echoes green values; (2) disseminating formal HRM policies that promote the green behaviour of employees; (3) practicing green HRM policies; and (4) employing green technological processes to design, implement, evaluate, and modify green HRM philosophies, policies, and practices as they progress.

In addition, green HRM concentrates on aligning human resource practices with environmental objectives (Opatha & Arulrajah, 2014) to achieve environmental goals and enhance organisations' efficiency in using resources (Zibarras & Coan, 2015). Specifically, what makes green HRM distinct from the common HRM practices is the emphasis on efficiency and sustainability of resources that can stimulate innovation and employee innovative behaviour. As highlighted in the literature, green HRM facilitates employees' attitudinal and behavioural changes towards enhancing efficiency and organisation's environmental performance (Taylor et al., 2012). In the same vein, a study by Consoli et al. (2016) found that green job tasks use greater levels of cognitive and interpersonal skills compared to non-green job tasks, emphasising that green HRM can stimulate employees' innovative behaviour. In addition, green HRM practices and policies can promote environmentalism among employees which is a source of employee morale and satisfaction (Amrutha and Geetha, 2022). Ahmad and Umrani (2019) demonstrated the positive link between green HRM and employee job satisfaction. Therefore, in congruence with social exchange theory (Blau, 1964), through implementing green HRM, organisations demonstrate their commitment towards environmental issues, which can make employees reciprocate this and exhibit innovative behaviour. Social exchange theory can be used to explain how relationships developed between an employee and employer can be

initiated, strengthened and developed through an organisation's green HRM practices and its commitment to environmental sustainability.

Instigating green HRM can lead to better environmental performance for organisations (Mousa & Othman, 2020; Renwick et al., 2013; Úbeda-García et al., 2021). Particularly, to improve resource usage efficiency and achieve environmental outcomes, it is paramount for organisations to provide opportunities for employees to generate innovative ideas (Guerci et al., 2016). As such, Ren, Tang and Jackson (2018) proposed that innovation could be one of the outcomes of green HRM. This is because, green training provides employees with the relevant knowledge, attitudes and skills to identify environmental issues and generate innovative ideas to improve their green performance (Jabbour et al., 2010).

Additionally, innovative behaviour is essential for engendering new, useful and practical ideas that can boost organisational performance. The most fundamental organisational function that can promote innovative behaviour among employees is HRM (He et al., 2018). In the contemporary world of work, where organisations are faced with the increasing environmental and ecological challenges, it is crucial to foster innovation among employees by focusing on green HRM (Farooq et al., 2022). As suggested by Ogbeibu et al. (2020), green HRM can promote employees' creative behaviour. Aboramadan and Karatepe (2021) have called for investigation of the impact of green HRM on innovative behaviour of employees as this is one of the critical workplace performance consequences. It is evident that there is dearth of research on the relationship between green HRM and employees' innovative behaviour. Therefore, the present study aims to bridge the existing gap in the literature and provide fresh insights for academician and practitioners in this regard.

According to the literature, green HRM is more prevalent in organisations where the leaders are aware of the environmental issues and understand how the external environment could potentially bring about benefits to the organisations pursuing environmentally sustainable

4

practices (Van Velsor & Quinn, 2012). Additionally, to be effective, green HRM should ensure that environmentally friendly initiatives and practices are implemented in an organisation that empowers employees to demonstrate innovative behaviour (Al-Swidi et al., 2021). This implies the role of leaders in influencing their personnel. Leadership has been found to be one of the crucial factors influencing employee innovative behaviour (Javed et al., 2017; Xiaotao et al., 2018). Creating a green culture through green HRM that can foster employees' innovative behaviour requires organisations to provide freedom of expression for employees (Gupta & Kumar, 2013). This highlights the role of a leader who motivates and inspires employees and welcomes their unique contributions.

One of the leadership styles that demonstrates these attributes is inclusive leadership. Despite being a highly pertinent and effective leadership style in promoting employee innovative behaviour, inclusive leadership has received little attention in the literature. Research shows that inclusive leaders display openness, availability and accessibility to their employees, engage them in decision making, treat them with respect and dignity and value their unique contributions (Carmeli et al., 2010; Randel et al., 2018). Yes, there are few studies which have examined the impact of inclusive leaders on employees innovative behaviour (e.g., Carmeli et al., 2010; Ye et al., 2019).

There is also a lack of empirical support for how inclusive leadership can interact with both green HRM and innovative behaviour of employees. Ren, Tang and Jackson (2018) have called for further investigation on the relationship between leadership and green HRM and the interaction of these two. Focusing on green HRM, employee innovative behaviour, and inclusive leadership can provide us with greater insights into under what conditions employees demonstrate innovative behaviours.

To help address the mentioned lacunas, the present study examines the relationship between green HRM and employee innovative behaviour. We argue that organisations that take

responsibility for their environmental impacts encourage their employees to have creativity in their work by demonstrating innovative behaviours. While there is evidence on the significant role of HRM in promoting employee innovative behaviour, there is paucity of knowledge about the link between green HRM and innovative behaviour. By investigating the relationship between green HRM and employee innovative behaviour, we respond to the call by Aboramadan and Karatepe (2021) that future studies should focus on the impact of green HRM on innovative behaviour of employees.

Additionally, we aim to investigate whether inclusive leadership accentuates the relationship between green HRM and employee innovative behaviour. In doing so, we answer the call to further investigate the relationship between leadership and green HRM and how these two interact (Ren, Tang, & Jackson, 2018). By exploring the moderating role of inclusive leadership, our study advances the green HRM and leadership literature through providing a more granular understanding of how inclusive leadership interacts with both green HRM and employee innovative behaviour. While there is some evidence on the moderating role of inclusive leadership (Nembhard & Edmondson, 2006), researchers have paid little attention to empirically testing how inclusive leadership can strengthen the link between green HRM and employee innovative behaviour.

We also examine the mechanism through which green HRM leads to innovative behaviour by focusing on the mediating role of job satisfaction. Creativity and job satisfaction are interconnected as higher levels of satisfaction can stimulate creativity and innovative behaviour (Bysted, 2013). Since job satisfaction and employee innovative behaviour are vital for optimal organisational functioning (Shih & Susanto, 2011), our study sheds some light on how to achieve both by implementing green HRM. Findings of the current study offer novel theoretical, empirical and practical implications to organisations on how to sustain their growth by utilising a socially and environmentally responsible approach.

THEORY AND HYPOTHESES

Green HRM and Innovative Behaviour

Green HRM which is the integration of both human resource and environmental management is crucial to organisations pursuing environmental objectives (Paillé et al., 2014; Renwick et al., 2013). Specifically, by aligning human resource activities to the best interest of the environment, organisations can play a proactive role in achieving environmental objectives (Opatha & Arulrajah, 2014). Green HRM practices mainly focus on green recruitment, green training, green performance appraisal (evaluating employees' performance in view of protecting environment), and appropriate award system (Renwick et al., 2013). Specifically, green HRM practices are classified in three components. The first component concentrates on selecting and recruiting employees who are aware of environmental issues and care about them. The second component relates to a proper appraisal system that evaluates employees' environmentally friendly activities and reward them. The third component highlights the importance of creating an organisational culture that encourages all employees regardless of their authority to work towards a shared goal of preserving the environment (Renwick et al., 2013).

These practices are crucial because by greening the organisational culture and instilling ecological values (Cohen et al., 2012), supporting green initiatives at all organisation levels (Paillé et al., 2014), engaging employees in environment protection plan, carefully utilising energy and other resources, and promoting green performance and promotions (Dutta, 2012; Opatha & Arulrajah, 2014), organisations can demonstrate their responsibility towards social and environmental concerns, leading to a sustainable growth. Besides, as green HRM creates a green organisational culture that promotes efficiency in using resources and evaluates employees' performance based on their environment friendly activities, it can stimulate

creativity and innovative behaviour. Employee innovative behaviour is defined as "the intentional introduction within one's work role of new and useful ideas, processes, products, or procedures" (Farr & Ford, 1990, p. 63). In other words, when employees willingly seek for better ways to improve organisation's productivity, they are demonstrating innovative behaviour. Employee innovative behaviour is vital as it directly contributes to organisational productivity and effectiveness, leading to a sustainable growth (Lee, 2008). Therefore, organisations need employees who possess appropriate knowledge, abilities, skills and resources, and should utilise HRM practices that effectively promote knowledge and development to enhance innovative behaviour in achieving competitive advantage (Battistelli et al., 2019).

Motivational variables are the key factors to elevating employee innovative behaviour, and prior research has found job characteristics, autonomy, task significance, task identity, skill variety, organisational culture, and leadership help promote employee innovative behaviour (Gabris et al., 2000; Hackman & Oldham, 1980). Moreover, Dorenbosch et al. (2005) found that when employees perceived that their HRM is committed to them and give them ownership and autonomy in dealing with work-related issues, they demonstrated a high level of innovative behaviour. As highlighted by Paillé et al. (2014), implementing green HRM in organisations can have a positive and immediate impact on employees' motivation, commitment and loyalty. This is because green HRM focuses on green management of both human resource and the environment, and encourages employees to take green initiatives in efficiently using resources and address environmental issues. Through creating a green organisational culture, in which employees of all levels regardless of their authority, should work towards a common goal of social and environmental sustainability, green HRM can work as a motivational variable in stimulating employee innovative behaviour.

The relationship between green HRM and employee innovative behaviour can be explained

through the lens of social exchange theory as it grounds a clear understanding on how managers, organisational culture, and green HRM practices are related to employee innovative behaviour. Social exchange theory emphasises mutually contingent and rewarding process that involves transaction or simple exchange (Blau, 1964). Specifically, social exchange is based on a trust connection with another person or party, which is free from obligation or explicit bargaining (Stafford, 2008).

Based on social exchange perspective, people evaluate the cost and reward of a relationship. If the relationship is worth, it leads to people's positive outcome and behaviour, resulting in enduring the relationship. However, when the relationship is negative, people will terminate (Monge & Contractor, 2003). By applying social exchange theory to the relationship between green HRM and employee innovative behaviour, we can argue that when employees perceive that HRM practices are green and committed to support, stimulate, and reward their green initiatives in efficiently using resources, and are responsible towards environmental issues, they reciprocate this by exhibiting innovative behaviour. Therefore, by implementing green HRM into their day-to-day policy and practices, leaders and managers demonstrate enough quality to influence employees to act innovatively (Mutlu, 2014). Additionally, as Lu et al. (2015) stated, an incentive innovation atmosphere is paramount to promote employee innovative behaviour. Consequently, green HRM is an effective approach for stimulating innovation in organisations as it focuses on performance and reward system based on employees' environment friendly activities (Renwick et al., 2013). Employees will perceive these green initiatives as positive and respond to it by demonstrating innovative behaviour. As such, we conjecture that

H1: Green HRM is positively related to employee innovative behaviour.

Job Satisfaction as a Mediator

The relationship between green HRM and employee innovative behaviour from the perspective

of social exchange theory illuminates that the exchange between employees and their organisation and between employees is mutually dependent and contingent upon actions (Dabos & Rousseau, 2004). As such, one good behaviour or exchange from one person or party will be returned in the same reciprocal interactions, leading to high quality relationships at workplace (Maurer et al., 2002). The crucial factor in social exchange that can lead to greater employees' performance is whether they are satisfied with the outcome of their workplace relationships, leaders and managers, organisation, and the overall exchange that they make on day-to-day activities (Shaw et al., 2009). If employees are satisfied with the mentioned factors, they will respond with innovative behaviour, which is beyond fulfilling work obligation (Xerri, 2013). Green HRM values environmental protection and encourages employees at all organisational levels to take green initiatives and perform in a way that is beneficial to the environment. By providing green training, evaluating performance based on environment friendly activities, and rewarding them accordingly, green HRM promotes a green atmosphere in which employees can contribute to a safer and healthier environment, and feel satisfied with their job (Chan & Hawkins, 2010). As stated by Chang (2013), green HRM influences employees' job satisfaction and commitment. A recent study by Shafaei et al. (2020) found a positive and significant relationship between green HRM and employee job satisfaction mediated by meaningfulness through work. Various factors such as work environment, HRM practices, rewards, and employees' empowerment are crucial in enhancing job satisfaction (Ibrahim & Perez, 2014). 'Job satisfaction reflects one's response either to one's job or to certain aspects of one's job' (Mowday et al., 1979, p. 226). Specifically, job satisfaction refers to the emotional state that employees feel about different aspects of their job, either positive or negative (Ibrahim & Perez, 2014).

Moreover, job satisfaction as the employee asset influences their innovative behaviour (Shih & Susanto, 2011). Employees' job satisfaction is a crucial factor influencing discretionary

behaviours such as innovative behaviour because employees' effort to work wholeheartedly and produce up to the potentials highly depends on how they feel about their job and work environment (Nerkar et al., 1996). Literature shows that job satisfaction and creativity are interrelated as job satisfaction has a positive and significant influence on creativity and innovation (Davis, 2009). According to Lee (2008), employees' perceived job satisfaction enhances their intrinsic motivation, which is an important factor in demonstrating innovative behaviour as they are both related to intrinsic motivation (Bysted, 2013). Innovative behaviour as a form of discretionary employee behaviour goes beyond role expectations and when employees are satisfied with their job, they perform beyond the role obligations by demonstrating innovative behaviour (Sanders et al., 2010). Thus, employees would perform beyond work obligations and respond by innovative behaviour when they are satisfied with their job. Consequently, we formulate the following hypotheses:

H2: Green HRM is positively related to employees' job satisfaction.

H3: Employees' job satisfaction is positively related to their innovative behaviour.

H4: Job satisfaction mediates the relationship between green HRM and employee innovative behaviour.

Inclusive Leadership as a Moderator

Research shows that employees exhibit more innovation in responding to higher levels of work demands when they perceive their efforts are fairly rewarded by their leader (Janssen, 2000). In other words, employees will respond with more innovative behaviour to a fair balance between leader/manager's inducements relative to their work efforts. Managers and leaders are considered as the organisational agents and their actions are viewed as the organisation's actions by the employees (Eisenberger et al., 1986). As Bowen and Ostroff (2004) postulate, leadership and HRM practices can stimulate each other and enhance employees' willingness in

demonstrating innovative behaviour. Therefore, both HRM practices and leadership are crucial in promoting employee innovative behaviour. HRM practices in the organisation create a context, in which leaders/managers and employees function (Sanders et al., 2010).

Green HRM in particular focuses on an organisation system, policies, and practices that make its employees green to benefit individuals, organisations, society, and the environment (Opatha & Arulrajah, 2014). By implementing green practices in recruitment, training, performance appraisal, and compensation, organisations create a workforce that is aware of the environmental issues and supports green behaviours in the organisation (Mathapati, 2013). While adopting green HRM can help organisations achieve their environmental goals, it can also provide an array of opportunity for employees at all levels to work more innovatively as employees' performance is evaluated based on their green activities. Thinking about how to reduce waste, conserve energy, preserve environment, and use resources efficiently can stimulate employees to be innovative in their work activities (Marshall & Brown, 2003). To leverage green HRM practices and reap its benefits, organisations need leaders who are open and flexible and know how external factors can create potential opportunities for organisations pursuing environmentally sustainable practices (Van Velsor & Quinn, 2012).

Leadership is one of the proximal contextual cues identified by Dubois and Dubois (2012) that can highlight value, necessity, and urgency of green practices in organisations. Leaders play a pivotal role in organisations as they are responsible for decision making and creating a supportive environment (Nishii, 2013). This is also in congruence with the social exchange theory since employees perceive leaders' behaviours as an exchange to reciprocate. If leaders are open and flexible in their interaction with employees, and support and acknowledge employees' green activities, employees perceive a positive exchange; thus, they respond with innovative behaviour.

Inclusive leadership is a leadership style that provides an inclusive and supportive environment,

and encourages and appreciates employees' contributions (Nembhard & Edmondson, 2006). Specifically, inclusive leaders provide a diverse and inclusionary work environment in which employees can respond to challenges and opportunities (Pless & Maak, 2004). Moreover, inclusive leaders create an open and inclusive environment in which it fulfils employee's need for uniqueness and belongingness (Xiaotao et al., 2018). By exhibiting openness, accessibility, and availability in their interactions with followers (Carmeli et al., 2010), inclusive leaders invite and appreciate followers' contributions, and encourage employees to speak up and contribute their inputs. Such support allows employees to openly speak their new ideas, be bold in taking risks, learn from their mistakes, and avoid being stuck in traditional way of thinking (Kessel et al., 2012), leading to increased innovative behaviour. This indicates that innovative behaviour is promoted in an environment supported by a leader who gives a high degree of autonomy and freedom to employees to express their new ideas (Foss et al., 2013).

There is also a lack of empirical support for how inclusive leadership can interact with both green HRM and innovative behaviour of employees. Ren, Tang and Jackson (2018) have called for further investigation on the relationship between leadership and green HRM and the interaction of these two. Focusing on green HRM, employee innovative behaviour, and inclusive leadership can provide us with greater insights into under what conditions employees demonstrate innovative behaviours.

This is also in congruence with the social exchange theory since employees assess the cost and benefit of their relationship with the leader (Monge & Contractor, 2003). It is expected that if leaders establish a balanced, fair and equitable exchange relationship with their followers, it provides employees with a greater level of autonomy resulting in innovative work behaviour (Javed et al., 2019; Qi et al., 2019). Research supports that exchange relationship that inclusive leaders initiate with their employees enhances their autonomous functioning which subsequently influence employees' innovative behaviour (Shakil et al., 2021). Since inclusive

leaders are open and flexible in their interaction with employees and welcome their unique contributions, they establish a positive and equitable exchange relationship with their employees. This will result in employees' positive outcome and behaviour as well as increased autonomy; thus, employees respond with innovative behaviour.

Given that green HRM focuses on employees' green activities and encourages employees at all levels regardless of their authority to achieve environmental goals (Renwick et al., 2013), it requires inclusive leaders who are open and flexible and appreciate employees' contribution and new ideas towards environmentally sustainable practices. Therefore, inclusive leaders can accentuate the relationship between green HRM and employee innovative behaviour. To provide an answer to a recent call by Ren, Tang and Jackson (2018) regarding further investigation is required on how green HRM and leadership can interact in organisation, we propose the following hypothesis:

H5: Inclusive leadership moderates the relationship between green HRM and employee innovative behaviour.

Overall, drawing upon social exchange theory, the present study is designed to answer the question of "*how does green HRM influence employee innovative behaviour?*" considering job satisfaction as a mediator to explain the mechanism in the mentioned relationship and inclusive leadership as the moderator to strengthen such a relationship. The proposed hypothesised model is illustrated in Figure 1.

Insert Figure 1 about here.

METHOD

14

To test our proposed hypotheses, we conducted an empirical study of full-time employees in Australia. The following sections explain the sampling process and sample characteristics, provide justification for our choice of data analysis technique, and report the results of measurement and structural model assessment.

Sample and Context

Study data for this research was collected in Australia. We recruited a random sample of 508 full-time employees from Qualtrics, a third-party online survey administration company in the United States (for a recent study using this approach, see Vlachos et al., 2014). Participants were pre-screened to ensure they were working full-time in Australia. A complete list of respondents' demographic profile is presented in Table 1.

Insert Table 1 about here.

We controlled our proposed model for several variables such as age (T-Statistics 1.57 not significant), gender (T-Statistics 1.15 not significant), education level (T-Statistics 0.12 not significant) and tenure in the current organisation (T-Statistics 0.19 not significant), and did not find any of them to have a significant association with the outcome variable in the model.

Measures and Scales

All the latent variables in the current study were measured using previously validated scales from the literature. We operationalised green HRM as a higher order construct comprising of green training, green performance appraisal, and green rewards and measured it using items adapted from Jabbour (2011). Innovative behaviour of employees was measured using 7 items adapted from Scott and Bruce (1994). We used a self-rating scale for innovative behaviour due

to several reasons. First, this is in line with the objective of the study that focuses on perception of employees about the extent to which they perform innovative behaviour. As innovative behaviour is a cognitive process, employees have a better understanding of their involvement in this process (Javed et al., 2019), compared to supervisors' rating which could be biased towards innovative activities that impress them (Chen & Hou, 2016; Javed et al., 2019). Second, past research states that self-rating of innovation-related behaviours is acceptable in studies with large data set (Iqbal et al., 2020; Ng & Feldman, 2012), further supporting the use of self-rating for innovative behaviour in the current study involving 508 samples. Prior studies have also utilised self-rating innovative behaviour scale with acceptable relatability index (e.g., Battistelli et al., 2019; Günzel-Jensen et al., 2018). Job satisfaction was measured using 3 items adapted from Homburg and Stock (2004). Finally, inclusive leadership was measured using 8 items adopted from Carmeli et al. (2010). Respondents were asked to evaluate their direct manager (i.e. supervisor or line manager) using the items provided and were assured about the anonymity of their responses.

Common Method Bias

While using a single source of respondent is a common practice in employee-related studies (Eva et al., 2018; Piccoli et al., 2017), it could still be a source of common method bias (CMB). To minimise and control for CMB, the current study applied a combination of a priori approach during the research design and the Unmeasured Latent Method Construct (ULMC) technique after data collection. Following the recommendations of Schwarz et al. (2017) for the a priori approach, we did not use any ambiguous or complex items in the survey, and ensured none of the constructs might be affected by external factors at the time of data collection including any major environmental events such as the devastating Australian bushfires which started after our data was collected. Also, in accordance with suggestions by Podsakoff et al. (2003), the cover

letter attached to each questionnaire outlined our commitment to the confidentiality of responses.

In addition, we used the ULMC technique as a statistical remedy to detect and control for different sources of CMB. ULMC involves creating a method effect construct using an aggregate of all of the manifest variables in the study, with no unique observed indicators (Richardson et al., 2009) and comparing the model fit for the ULMC model and the baseline model. When the baseline model has a better fit than the ULMC mode, there is no evidence of bias due to common method bias. Using ULMC technique, it was revealed that CMB was not a concern in the current study as the model fit observed through the standardised root mean square residuals (SRMR), defined as the difference between the observed correlation and the predicted correlation, changed from 0.05 to 0.19.

We also performed Harman's single factor test for all items and found that no general factor emerged to account for most of the variance. An unrotated factor analysis extracted three distinct factors that accounted for 71% of the total variance with the largest factor explaining 42% of the variance. Therefore, we concluded that CMB was unlikely to cause distortion in the statistical results.

Data Analysis Technique

This study used a component-based structural equation modelling (SEM) for its data analysis using partial least squares-path modelling (PLS-PM), a second-generation analysis technique that allows researchers to simultaneously examine the relationship between unobserved variables. The number of published articles using PLS-PM has increased significantly in recent years relative to covariance-based SEM (Hair, Hult, Ringle, Sarstedt, et al., 2017) as it enables researchers to estimate complex models without imposing distributional assumptions on the data, and provides some of the latest statistical measures such as confidence intervals in

hypothesis testing, effect size for assessing the contribution of each predictor, and heterotrait-monotrait (HTMT) ratio for discriminant validity.

Consistent with the recommendations by Hair et al. (2019), the current study used PLS-PM for data analysis on the grounds that it has an exploratory nature aiming to test a theoretical framework from a prediction perspective, and its inclusion of a higher order construct (i.e. Green HRM) which requires latent variable scores for follow-up analyses.

Validity and Reliability

All measurement variables used in the current study demonstrated sufficient validity and reliability as shown in Table 2, with the value of Average Variance Extracted (AVE) greater than 0.50, and values of composite reliability and rho_A greater than 0.70, meeting the recommended requirements (Hair, Hult, Ringle, & Sarstedt, 2017), demonstrating sufficient convergent validity and reliability.

Insert Figure 2 about here.

To test the discriminant validity, this study used both Fornell-Larcker criterion and HTMT. As shown in Table 3, the square root of the AVE on diagonal lines is greater than the correlation between the model constructs indicating that all variables in our model meet the discriminant validity. In addition, HTMT values between all variables are smaller than 0.85, further supporting the recommended requirements of discriminant validity (Hair, Hult, Ringle, & Sarstedt, 2017; Henseler et al., 2015).

Insert Table 3 about here.

Lastly, to examine whether the data fit the model, we performed the standardised root mean square residuals (SRMR), defined as the difference between the observed correlation and the predicted correlation. SRMR is a goodness of fit measure for PLS-SEM, recommended by Henseler et al. (2016), to detect model misspecification. The estimated SRMR value for the model in the current study was 0.08 which is in the satisfactory range (Hu & Bentler, 1999), indicating a good fit of the data to the model.

RESULTS

PLS-PM is done in two stages, namely the measurement model and the structural model. The measurement model (reported in the previous section) deals with evaluating the validity (convergent and discriminant) and reliability of each indicator forming latent constructs (Latan & Ghozali, 2015). Once this was established, as reported in the previous section, the structural model was assessed to examine the quality of the model through examining collinearity, predictive relevance, and goodness of fit. Upon assessing the structural model, we tested the research hypothesis through a bootstrapping approach (bias-corrected and accelerated: BCa), with a 5000 resample and no sign changes, performed using the SmartPLS 3 program (Ringle et al., 2015).

Assessment of Structural Model

To assess the structural model, we first examined collinearity in the model and observed no collinearity problem between the predictor variables as the values of variance inflation factor (VIF) for all predictors in the models were below the recommended value of 3.3 (Field, 2016; Henseler et al., 2017). To assess the robustness of the analysis, we also performed the blindfolding procedure with an omission distance of 7 to evaluate the predictive relevance of the model. The resulting Q^2 predictive relevance values were greater than zero (0.16 for

innovative behaviour and 0.11 for job satisfaction), indicating that the model has predictive relevance. In addition, the value of goodness of fit generated through the normed fix index (NFI) was 0.89 (greater than the recommended 0.80) suggesting that our model fits the empirical data (Baumgartner & Homburg, 1996). Moreover, the R squares for innovative behaviour and job satisfaction were found to be 0.31 and 0.15, respectively.

Hypothesis Testing

All hypotheses were tested with a view of the coefficient parameter and the significant value generated from the 95% bias-corrected confidence intervals of each independent variable. Table 4 shows the results of the bootstrapping, with a 5000 resample and no sign changes, which provided support for all of the research hypotheses. As shown in Table 4, we found the relationship between green human resource management and employee innovative behaviour to be positively significant, with a coefficient value (β) of 0.17, significant at p=0.00 at 95% BCa confidence interval, meaning that Hypothesis 1 is supported. Further, the relationship between green human resource management and job satisfaction were found to be positively significant, with a coefficient value (β) of 0.39, significant at p=0.00 at 95% BCa confidence interval, meaning that Hypothesis 2 is supported. In addition, the relationship between job satisfaction and employee innovative behaviour was found to be positively significant, with a coefficient value (β) of 0.25, significant at p=0.00 at 95% BCa confidence interval, meaning that Hypothesis 3 is supported.

Insert Table 4 about here.

The results of mediation analysis revealed that job satisfaction mediated the relationship between green HRM and innovative behaviour (with a coefficient value (β) of 0.10, significant

at p=0.00 at 95% BCa confidence interval), supporting Hypothesis 4. Lastly, inclusive leadership was found to moderate the relationship between green HRM and employee innovative behaviour (with a coefficient value (β) of 0.16, significant at p=0.00 at 95% BCa confidence interval), supporting Hypothesis 5. As depicted in Figure 2, inclusive leadership accentuates the positive relationship between green HRM and employee innovative behaviour, meaning the positive relationship between green HRM and employee innovative behaviour is stronger when employees work with an inclusive leader.

Insert Figure 2 about here.

DISCUSSION AND CONCLUSION

Green HRM is one of the strategies that not only helps companies to be responsible towards social and environmental issues, but also can be a way to promote brand identity of an organisation and improve its profitability (Nejati et al., 2017) through stimulating employee innovative behaviour. The results of our study address three important aims. First, we tested the relationship between green HRM and innovative behaviour of employees. Second, we sought to test a theoretically driven mechanism that could explain the relationship between green HRM and employee innovative behaviour by examining the role of job satisfaction as a mediator. Third, we investigated the role of inclusive leadership in accentuating the relationship between green HRM and innovative behaviour of employees.

Theoretical Implications

Overall, our study offers a number of theoretical and empirical contributions. With regards to green HRM, our findings contribute to the growing literature on the crucial role of green initiatives in organisations. Therefore, we extend understanding of how working in an

organisation that integrates HRM with environmental management influence employee innovative behaviour. By doing this, our study bridges the gap in the literature on how green HRM and employee innovative behaviour are related as previous studies only explored the role of HRM on innovative behaviour of employees (Diaz-Fernandez et al., 2015). The present study is unique in its investigation of a distinct form of HRM, one that is integrated with environmental objectives benefitting organisations, employees, and the environment. As supported by our results, when organisations integrate their human resource practices with environmental objectives, they can enhance employee innovative behaviour (Opatha & Arulrajah, 2014; Zibarras & Coan, 2015), which is fundamental in improving an organisation's performance leading to sustained growth (Van de Ven, 1986). Our research demonstrates that operating in a responsible way and implementing environmentally responsible activities into HRM in terms of training, performance appraisal, and rewards, is paramount in encouraging employees' positive outcomes and behaviour (O'Donohue & Torugsa, 2016; Paillé et al., 2014). Not only could this benefit organisations and their employees, but also it could positively contribute to environment preservation and lowering organisations' environmental footprint.

Moreover, our study explains the theoretically driven process of how green HRM and innovative behaviour of employees are related by examining the mediating role of job satisfaction. Again, this finding lends support to the distinct pathway that can explain employee innovative behaviour. According to social exchange theory, when employees observe and understand that their organisation is accountable towards the environment, and supports and rewards their green initiatives in efficiently using resources, they will feel satisfied with their job and respond by performing innovative behaviour through generating, promoting and mobilising innovative ideas. This is the norm of reciprocity that explains why employees go beyond role expectations and demonstrate innovative behaviour when they feel satisfied with their job (Sanders et al., 2010). In other words, green HRM promotes a positive exchange

between organisation and employees, which is beneficial to both.

According to Chan and Hawkins (2010), green HRM does not only enhance organisations' environmental performance, but it also increases employees' job satisfaction. In their study, Shafaei et al. (2020) empirically supported that green HRM and job satisfaction of employees are significantly related. This relationship can also be justified based on the job characteristics model, which states several job characteristics such as participation, self-actualisation, pride, advancement, working conditions, fairness and the work itself can influence employees' perception of their job leading to job satisfaction (Arnett et al., 2002).

As green HRM focuses on employees' green initiatives including training, performance appraisal, and rewards for green activities, it helps employees have a positive evaluation of their job, resulting in greater job satisfaction. Moreover, job satisfaction is an important factor that can stimulate creativity and innovative behaviour (Bysted, 2013; Davis, 2009), and prior studies found that job satisfaction increases intrinsic motivation which is an important factor in demonstrating innovative behaviour (Grant & Berry, 2011; Lee, 2008). In congruence with the cited studies, we have found support for the significant and positive relationship between job satisfaction and employee innovative behaviour. Furthermore, our study provides evidence that job satisfaction is a mediator that plays a crucial role in the relationship between green HRM and innovative behaviour of employees.

In addition to shedding some light on the mechanism linking green HRM and innovative behaviour, our study provides a test of boundary by examining the moderating role of inclusive leadership on the mentioned relationship. Inclusive leaders by demonstrating accessibility, availability, openness, and flexibility in their interaction with employees and promoting their employees' sense of belongingness and uniqueness (Nembhard & Edmondson, 2006) are found to be important in stimulating employee innovative behaviour. This suggest that in organisations where green HRM is implemented, employees who work with inclusive leaders

demonstrate higher levels of innovative behaviour. By doing this, we have advanced the literature in both green HRM and leadership and answered to the call by Ren, Tang and Jackson (2018) to further investigate the interaction between leadership and green HRM.

Inclusive leadership complements green HRM and stimulates innovative behaviour due to a number of reasons. First, inclusive leaders provide a psychological safe environment in which employees feel supported and their contribution is appreciated (Nembhard & Edmondson, 2006). Second, inclusive leaders by promoting diversity and inclusion encourage their employees to respond to challenges and opportunities (Pless & Maak, 2004). Third, inclusive leaders invite their employees to contribute and speak up their inputs (Carmeli et al., 2010). Forth, by providing an inclusive and open environment, inclusive leaders fulfil their employees' need for belongingness and uniqueness (Xiaotao et al., 2018). Such support allows employees overcome their traditional way of thinking, be innovative in their work behaviour through generating, promoting, and mobilising new ideas, and contribute their new inputs (Kessel et al., 2012) which can help an organisation achieve its environmental goals.

Managerial Implications

A number of managerial implications arise from our research. First, innovation and employee innovative behaviour are important factors that can ensure sustainable growth for organisations in the competitive world. Our findings suggest that when working in an organisation where environmental objectives are incorporated into human resource practices (green HRM), employees will have a higher level of job satisfaction, leading to higher levels of innovative behaviour. Implementing functional green policies into HRM is an effective way for organisations to not only better perform in an environmentally sensible manner, but also to contribute to employees' job satisfaction and innovative behaviour. Second, organisation by paying attention to the environmental issues and focusing on training, performance appraisal,

and rewards can stimulate their employee innovative behaviour. This will not only benefit organisations in making them more accountable towards the environment, but also ensure sustainable growth for organisations as employee innovative behaviour is the most important contributing factor in this regard.

Additionally, our results can benefit managers and leaders as we have found inclusive leadership is a suitable leadership style that can accentuate the relationship between green HRM and employee innovative behaviour. As a unique and relatively unexplored leadership style, our findings suggest inclusive leaders can stimulate employee innovative behaviour by providing a supportive and inclusive environment, which can subsequently contribute to improved financial performance of the organisation. Our study also reveals that an inclusive leadership style increases the positive impact of green HRM on employees' innovative behaviour, thereby highlighting the importance of leadership style in enhancing the effectiveness of green initiatives in organisations. Therefore, top management should ensure that green HRM policies and practices are supported by inclusive leaders who demonstrate openness, accessibility, and availability to their employees to enhance their innovative behaviours and positive outcomes.

Overall, our study recommends that organisations should implement green HRM by focusing on green training, green performance appraisal and green reward to ensure ecological and environmental sustainability. This will not only help organisations achieve their environmental goals, but also will result in positive employee outcomes such as job satisfaction and innovative behaviour. Additionally, organisations need to ensure that their management team utilise inclusive leadership style as it is proven to be the effective leadership style to strengthen the relationship between green HRM and employee innovative behaviour. By doing so, these organisations can achieve several objectives, including (a) achieving their environmentally sustainable goals, (b) enhancing employee job satisfaction, and (c) stimulating employee

innovative behaviour, and (d) motivating employees to be pro-environmental. Moreover, our study indirectly benefits society through helping businesses to operate more efficiently and innovatively.

Limitations and Suggestions for Future Research

This study used data from full-time employees in Australia and therefore generalising the study findings to other contexts should be made with caution. However, choosing employees from various organisations, sectors, and job tenure increases the generalizability of the study's results. This study is limited by its cross-sectional design which limits its ability to make claims regarding the causality of the relationships and raises concerns regarding common method bias. However, we used robust statistical measures to ensure common method bias is not a threat to the data and our interpretation of the findings. Future studies could collect their data using a time-lagged approach or through multiple sources to eliminate the risk of common method bias. The study used self-rated measure for employee innovative behaviour. Although using self-rated measure meets the objective of our study that focuses on perception of employees about the extent to which they perform innovative behaviour, future research can use a combination of self-rated and supervisor's rating for employee innovative behaviour. While the current study demonstrated the mediation role of job satisfaction in the relationship between green HRM and employee innovative behaviour, future research could examine other mediators such as psychological safety and learning from errors. In addition to inclusive leadership which showed moderating effect, other leadership styles such as ethical and entrepreneurial leadership could be explored as potential moderators in future studies.

Concluding Remarks

The current study was carried out in Australia, which is a diverse and multinational society.

Our study provides an empirical support for the relationship between green HRM and employee innovative behaviour. We also investigated and provided support for the mediation effect of job satisfaction in the mentioned relationship. Additionally, we examined the boundary condition for the relationship between green HRM and employee innovative behaviour and found statistical support in how inclusive leadership accentuates this relationship. Thus, we extend the literature on green HRM and leadership and provide practical implications for managers, leaders, businesses, and organisations.

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Response to Reviewers' Comments:

We would like to thank reviewers and the Associate Editor for their constructive and positive feedback. We have addressed these to the best of our knowledge. Below is a summary of our responses to the comments by reviewers and revisions made (where applicable). The revised and added sections are in red text in the manuscript.

Reviewer 1 Comments:

Well improved manuscript. The paper should be considered for publication. Well effected changes to relevant literature and appropriate citations. All methods and Corrections effected appropriately. Results well organized and clearly presented. Research implications were appropriately presented.

Response: We would like to thank Reviewer 1 for the very positive feedback. We are pleased to hear our revisions made are clear and have improved the quality of the manuscript.

Reviewer 2 Comments:

1. I apricate the attempt to differentiate green HRM from HRM, but still, it's confusing. Please exemplify it in the introduction. Which practices differentiate traditional HRM from green HRM ?? and motivate employees to move towards innovative behavior. How the whole process works with the SET theory support?

Response: Thanks for the comment. We have improved the Introduction where we differentiate HRM from green HRM by adding some examples and citing research articles. We have also clarified how green HRM is linked to employees' innovative behaviour with the support from SET. Below is the added and revised section in the Introduction.

Ren, Tang and E Jackson (2018, p. 778) proposed a definition for green HRM as "phenomena relevant to understanding relationships between organisational activities that impact the natural environment and the design, evolution, implementation and influence of HRM systems." In particular, they refer to green HRM as an HRM system that is proactive and positive in addressing environmental concerns. For instance, organisations can achieve this by (1) articulating an overarching HRM philosophy that echoes green values; (2) disseminating formal HRM policies that promote the green behaviour of employees; (3) practicing green HRM policies; and (4) employing green technological processes to design, implement,

evaluate, and modify green HRM philosophies, policies, and practices as they progress.

In addition, green HRM concentrates on aligning human resource practices with environmental objectives (Opatha & Arulrajah, 2014) to achieve environmental goals and enhance organisations' efficiency in using resources (Zibarras & Coan, 2015). Specifically, what makes green HRM distinct from the common HRM practices is the emphasis on efficiency and sustainability of resources that can stimulate innovation and employee innovative behaviour. As highlighted in the literature, green HRM facilitates employees' attitudinal and behavioural changes towards enhancing efficiency and organisation's environmental performance (Taylor et al., 2012). In the same vein, a study by Consoli et al. (2016) found that green job tasks use greater levels of cognitive and interpersonal skills compared to non-green job tasks, emphasising that green HRM can stimulate employees' innovative behaviour. In addition, green HRM practices and policies can promote environmentalism among employees which is a source of employee morale and satisfaction (Amrutha and Geetha, 2022). Ahmad and Umrani (2019) demonstrated the positive link between green HRM and employee job satisfaction. Therefore, in congruence with social exchange theory (Blau, 1964), through implementing green HRM, organisations demonstrate their commitment towards environmental issues, which can make employees reciprocate this and exhibit innovative behaviour. Social exchange theory can be used to explain how relationships developed between an employee and employer can be initiated, strengthened and developed through an organisation's green HRM practices and its commitment to environmental sustainability.

2. Although the author tried to mention the self-rated innovation scale and justify it, my advice is to move and highlight to the limitation of the study as did it for cross sectional.

Response: Thanks for the comment. We have added self-rated innovative behaviour scale to the limitation of the study. Below is the text added:

The study used self-rated measure for employee innovative behaviour. Although using self-rated measure meets the objective of our study that focuses on perception of employees about the extent to which they perform innovative behaviour, future research can use a combination of self-rated and supervisor's rating for employee innovative behaviour.

3. I guess there is no need of table 1.

Response: We appreciate reviewer's suggestion; however, we have retained Table 1 as it contains more specific information on respondents' demographics, some of which could not be

incorporated within the manuscript. This information helps readers to have a more comprehensive understanding of the respondents' profile, further elaborating the study context.

TABLE 1

Demographic Profile of Respondents

Demographic Data (N=508)	Frequency	Percentage (%)
Sector		
Manufacturing	99	19.5
Service	363	71.5
Other	46	9.0
Gender of Respondent		
Male	236	46.5
Female	269	53.0
Not disclosed/ other	3	0.6
Age		
30 to 35	191	37.6
36 to 40	147	28.9
41 to 45	99	19.5
46 to 50	71	14.0
Education		
Diploma or Associate Degree	79	15.5
Bachelor Degree	182	35.8
Master's Degree	73	14.4
Doctoral Degree	15	3.0
Graduate Certificate or Graduate Diploma	108	21.3
Other	51	10.0
Tenure in the Current Organisation		
Up to 5 years	227	44.7
6 to 10 years	158	31.1
More than 10 years	123	24.2
Current Role		
Managerial	247	48.6
Non-Managerial	261	51.4

TABLE 2

Construct Indicators and Measurement Models

Variables	Factor Loading	AVE	Composite Reliability	rho_A
Green Training (GT)		0.89	0.96	0.94
My organisation has a continuous environmental training program.	0.93			
Environmental training is a priority for my organisation when compared to other types of training.	0.95			
In my organisation, environmental training is viewed as an important investment.	0.94			
Green Performance Appraisal (GPA)		0.88	0.96	0.93
My organisation establishes environmental objectives that each employee must accomplish.	0.93			
My organisation evaluates an employee's contributions to environmental management improvement.	0.94			
Employee environmental performance appraisals are recorded by the company.	0.94			
Green Reward (GR)		0.90	0.95	0.89
Employees in my organisation are financially rewarded for their performance in environmental management issues.	0.95			
Employees who contribute to environmental management improvements are publicly recognized by the company.	0.95			
Job Satisfaction (JSAT)		0.77	0.91	0.86
Overall, I am quite satisfied with my job.	0.92			
I do not intend to work for a different company.	0.80			
I like my job.	0.91			
Inclusive Leadership (INCL)		0.72	0.95	0.94
My manager is open to hearing new ideas.	0.82			
My manager is attentive to new opportunities to improve work processes.	0.85			
My manager is open to discuss the desired goals and new ways to achieve them.	0.85			
My manager is available for consultation on problems.	0.84			
My manager is an ongoing "presence" in this team—someone who is readily available.	0.84			
My manager is available for professional questions I would like to consult with him/her.	0.85			
My manager is ready to listen to my requests.	0.87			
My manager encourages me to access him/her on emerging issues.	0.85			
Innovative Behaviour (INVB)		0.58	0.90	0.88
I generate original solutions for problems.	0.73			
I mobilize support for innovative ideas.	0.75			
I acquire approval for innovative ideas.	0.69			
I make important organisational members enthusiastic for innovative ideas.	0.77			
I transform innovative ideas into useful applications.	0.81			
I introduce innovative ideas into the work environment in a systematic way.	0.79			
I evaluate the utility of innovative ideas.	0.77			

TABLE 3

Correlations and Discriminant Validity Results

	GHRM*	GT	GPA	GR	INCL	INVB	JSAT
GHRM*	-	-	-	-	0.31	0.37	0.39
GT	-	*0.94*	0.88	0.79	0.32	0.35	0.40
GPA	-	0.85	*0.94*	0.84	0.30	0.35	0.36
GR	-	0.79	0.84	*0.95*	0.26	0.34	0.34
INCL	0.33	0.33	0.30	0.27	*0.85*	0.42	0.51
INVB	0.40	0.37	0.37	0.36	0.46	*0.76*	0.45
JSAT	0.44	0.44	0.40	0.37	0.56	0.52	*0.88*

Note: Diagonal and *italicized* elements are the square roots of the AVE (average variance extracted). Below the diagonal elements are the HTMT values. Above the diagonal elements are the correlations between the construct values.

TABLE 4

Results of Hypothesis Testing

	Path Coefficient	t-statistics	P-Values	BCaCI	Conclusion
Direct Path					
INVB ($R^2 = 0.31$ / $Q^2 = 0.16$)					
GHRM→INVB	0.17	4.11**	0.00	[0.10; 0.24]	H1 supported
GHRM→JSAT	0.39	9.73**	0.00	[0.32; 0.45]	H2 supported
JSAT→INVB	0.25	5.40**	0.00	[0.17; 0.33]	H3 supported
Mediation					
JSAT ($R^2 = 0.15$ / $Q^2 = 0.11$)					
GHRM→JSAT→INVB	0.10	4.92**	0.00	[0.07; 0.13]	H4 supported
Moderation					
INCL*GHRM	0.16	3.45**	0.00	[0.08; 0.24]	H5 supported

*Note: BCaCI: Bias corrected and accelerated (BCa) 95% confidence interval; Sig. Significant; ns Not Significant; *p<0.05; **p<0.01*