

## Conceptual Model in Using Ability and Opportunity as GHRM Framework to Determine Environmental Performance

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**Abstract:** The buzzing world of sustainability has led to soaring growth of literatures on green marketing, green accounting, green retailing, green supply chain management and green general management. But Green Human Resource Management (GHRM) study on how this field contributes in preserving environment is hardly found. The polarization between “best fit” and “best practice in HRM make difficult to measure human resource management output. Drawing on the classical AMO framework emphasizing the necessity of employees to possess abilities, motivation and be given opportunity to perform, Structural Equation Modelling (SEM) will be used to spot the terrain for further study on green human resources management in Malaysian setting by referring to ability and opportunity. Motivation is put aside as within Asian setting which is collectivist in nature, the obedience to authority is high. As GHRM is relatively new, this study explores literature fitted GHRM practices in responding to the current trend shifting from pro-economic to pro-social then pro-environment. This way, under the AMO concept, this scrutinizes the necessity to initiate GHRM practices in manufacturing companies of Malaysia by integrating ability and opportunity of people within organizations. Finally, the model is expected to support the recent National Green Policy.

**Key words:** Green Human Resources Management (GHRM), green ability, green opportunity, environmental performance, AMO theory

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### INTRODUCTION

The awareness of environmental sustainability always gets attention from people globally. Therefore, there exist some specific treaties aiming at conserving the nature, e.g., Kyoto Protocol to the United Nations Framework Convention on Temperature Alteration in December 1997, Bali Temperature Alteration Conference in December 2007, Copenhagen Temperature Alteration Conference in December 2009 (Victor, 2001). In management field, the organization itself has its own responsibility to ensure that the organization become more environmental friendly besides achieving organizational objectives. With particular reference to the contribution of people in environmental performance, Ability, Motivation and Opportunity (AMO) theory is applicable as this is the utmost conceptualizations that normally used in the HRM applies on the business recital (Boselie *et al.*, 2005). Some researchers have included people organization concerns in the idea of green human resource management by using the ability-motivation opportunity theory (Renwick *et al.*, 2013). Other than that, this theory provides evidence that good Human Resource practices improve organizational knowledge asset

(productive employees) that ultimately improves organizational outcomes (Wagner *et al.*, 2001). In the study, two of three factors AMO theory: Ability and Opportunity used to analyze the impact to environmental performance specifically as we believe within Malaysian setting the motivation is there already to be green but without the sufficient knowledge on how to develop this ability and condition to provide the opportunity to be green, the idea seem not applicable. In AMO theory, HRM works over growing employees' Ability via appealing and emerging high-performing workers and provided that workers with the Opportunity to involve in knowledgesharing and unruly solving actions via Employee Involvement (EI) programs (Renwick *et al.*, 2013). By referring on these two core factors of AMO theory, the problem would like to highlight is: how existing theoretical point of view and frameworks can be applied by giving an effect to practitioners in order to create an eco-friendly organizational practices? In term of national economic growth, the Malaysian Government had introduced National Green Technology Policy where it is the one of Economic Transformation Model plans. In addition, that policy highlights in the four areas such as energy, environment, economy and social. Nevertheless,

in term of changing people behavior towards to sustain energy consumption is hardly occurring. It can be showed in switching to renewable energy (energy), low carbon model town (building) and purchasing electric vehicle (transportation). Thus, the finding of new customer towards to sustain energy consumption is definitely high. In this study, the model will be developed parallel with the government policy. Hence, the model will become references to build organizational green practices as well as to encourage customers converting to choose green product and services.

Environmentally pertinent behavior in everyday life is mainly expressed in consumption designs. Even though green human resource management emphasizes on encouraging employees' conservational performance in the company, employees convey on with their consumption in private life. Consequently, a new perception for green human resource management is suggested: considering workers as human being who grows environmental attitudes and perform it in professional and private life. Thus, in order to positively support an ecological friendly and accountable use of resources at the workstation, green human resource management requirements to set up actions that supports ecological friendly behavior at the workstation and in private life (Muster and Schrader, 2011).

Civilization at large presently considers defending the environment as an importance issue. In the present corporate situation, a new disposition has established which pursues to avert pollution, diminish a company's environmental effect, reduce leftover, enhance consumption and use clean technology. Progressively, firms are applying a practical green plan which denotes to organized environmental practices that firms grow voluntarily that go outside what is lawfully required. Firms adopting practical environmental plans implement advanced environmental practices and use technology to inhibit pollution (Salazar *et al.*, 2012).

Therefore, this study comes out with two objectives. Firstly, to investigate specific organization practices in developing ability and providing opportunity that support or against environmental issues. Secondly, to evaluate extent of organization practices in developing ability and providing opportunity that can improve the environmental performance.

**Literature review:** Environmental management actions are considered a vital method to assimilate the natural environmental into business decision making and this suggests an obligation to perform monetarily as is conventionally estimated from firms as well environmentally. As far as this, little arranged vision

exists concerning the significance of human resource management actions for example training activities for environmental problem compared to other technical and organizational actions concerning such as the reduction material, water and energy usage (Wagner, 2011). Green organizations are consequently well counseled to give their benefactors visible signs, tags, or badges so that benefactors can clearly display their self-sacrificing green acts (Vugt *et al.*, 2014).

According to Paille *et al.* (2014), there had the connection among strategic human resource management and ecological performance from the employees' perspective and we suggested the intermediating mechanism of organizational nationality behavior for the environmental and the moderating effect of environmental orientation. As stated, adopting human resource management practices at a tactical level contributes to the enhancement of ecological performance via organizational nationality behavior for the environmental. In order to achieve environmental performance, organizations need to overcome both a lack of organizational competences by motivating workers through the implementation of strategic human resource management practices and a lack of strategic competences by creating a sense of accountability among managers toward the environment.

Porter and Linde (1995) stated that among those advantages that can be determined from environmental management there is the enhancement in the firms' operational presentation such as a saving in production budgets. Nevertheless, expert literature confirms that environmental management can make interaction with management performs from other areas in a firm (Wagner, 2007). Human resources stand out among the most significant to environmental management. In this sense, the more effective human resource practices are the more important the organizations' performance inclines to be, meanwhile the human resource areas are better prepared to contribute towards accomplishing the organizational aims (Jabbour *et al.*, 2012). According to Osman *et al.* (2011) confirms that human resource practices also narrate positively to the consequences at Malaysian firms.

Taking into account that the implementation of environmental practices has become a new organizational detached (Berry and Rondinelli, 1998; Jabbour *et al.*, 2012), provision of human resource management practices is considered important for accepting environmental management practices (Jackson *et al.*, 2011; Govindarajulu and Daily, 2004; Daily and Huang, 2001; Jabbour and Santos, 2008; Sarkis *et al.* 2010; Jabbour *et al.*, 2012). These scholars confirm that human resource management must bring into line its practices (such as recruiting,

selection, performance evaluation, training) to environmental management aims. This process was called green human resource management (Renwick *et al.*, 2008; Jabbour and Santos, 2008, Jabbour *et al.*, 2012) considering the suggestion that the more powerful the green human resource management, the more powerful the acceptance of environmental management practices will be by organizations (Bohdanowicz *et al.*, 2011; Jabbour *et al.*, 2012).

Ability, Motivation and Opportunity (AMO) theory is one of the most frequently used conceptualizations of the influence of HRM practices on organizational performance in experiential revisions (Boselie *et al.*, 2005). Other than that, this theory absolutely work through increasing workers' Ability through attracting and developing high-performing workers and providing workers with the opportunity to involve in knowledge-sharing and problem-solving actions through Employee Involvement (EI) programmes. This study reviewed the developing green abilities and opportunities green employees then it is applied in organization situation.

## **MATERIALS AND METHODS**

In this study, it uses quantitative methods of data collection. The target populations of this study are managerial and subordinate employees which are consist of manufacturing sectors in area Selangor, Negeri Sembilan, Melaka and Johor Bharu state. According to Chen and Chang (2011), the green concept can be applied on the manufacturing industries. Therefore, based on data gathered from Banci Ekonomi 2011, Jabatan Perangkaan Malaysia, the total of target population identified is 2, 203 for medium organizations by following size and industry 2010. These area are chosen because of the larger manufacturing industries located most. In addition, the pilot study test study is distributed to 30 respondents and the questionnaire survey is targeted to achieve at least 300 respondents. This is because in the Structural Equation Model (SEM), the rule of thumb must have minimum respondents at least five times observations. There have 27 indicators to be tested and the sample of 300 falls within an acceptable sample range. Other than that, the questionnaire survey will be distributed among manufacturer companies by using applying postal and online modes. The number of factors items in this study is relatively large. Therefore, in order to examine the variables and to prove all of the factor items, the Structural Equation Model (SEM) is used to analyze the proposed model either the model is suitable or not for green human resource management in Malaysia.

According to Steenkamp and Baumgartner (2000), the great research tool in order to test theory is SEM. Other than that, Chen and Chang (2011) claimed that SEM could be used to prove the theoretical framework and hypotheses where it is a statistical method for testing and predicting causal relationship in a powerful technique.

## **RESULTS AND DISCUSSION**

**Developing green abilities:** A new employee can assist the organization in order to achieved effective environmental management through understanding the organization's environmental culture and environmental principles. There had several surveys that have been led in the UK and the US. The surveys disclosed that graduates and other job candidates only attracted to apply on that job based on the environmental organization applies and the act of firms. As a consequence, most of the companies started to rebuild the company reputation with approaches to green employer. This strategy may attract new applicant to choose their company as employer (Stringer, 2010). Training is commonly perceived in the works as a crucial Green Human Resource Management (GHRM) intervention not least in order to intensify staff responsiveness of the environmental influence of their organization's actions to prepare staff with essential skills, for example how to gather related unused data to increase the level of 'eco-literacy' and environmental capability in the firm (Roy and Therin, 2008). Well-trained and environmentally alert frontline workers are preferably positioned to recognize and diminish waste, as they are nearby to it. A vital to the efficiency of training is emerging an environmental information base. Training for organization staff is also important for GHRM. As business institutes are possibly seen as designers of a new 'evolutionary course' towards sustainability and environmental knowledge, they may play an important part in educating and developing eco-friendly leaders in the future. Additionally, personal values influence and green leadership behaviors are supported in revision of 53 UK and Japanese firms (Renwick *et al.*, 2008). According to Bucuniene and Kazlauskaitė (2012), organizations scarcely hire any of the following Corporate Social Responsibility (CSR) linked practices, achievement programmes to improve the involvement of the disadvantaged groups in the workers, flexible organization of working period and job rotation applies profit sharing and part possession systems.

Besides that, HRM practices encourage workers' abilities and capabilities through the gaining and improvement of a firm's human principal. The competitive

advantage of the organization is reliant on the presence of human resources with appropriate capability profiles. An of the capabilities needed for dissimilar positions together with an investigation of the firm's recent pool of worker capabilities-assistances the organization employ people with the wanted skills and knowledge. In addition, performance appraisal (or performance management) schemes provide worker with response on their performance and capabilities and provide way for increasing their competencies to meet the requirements of the firm. A combined part of most performance appraisal schemes is also the establishment of purposes and goals for the self-development and training of workers. There is also wide indication that investment in workers' training boosts the human capital of the firm, usually leading to a positive association between worker training and structural performance (Minbaeva *et al.*, 2013).

The ability and readiness of line superiors to perform HR jobs remains a challenge. Consequently, the idea to making continued efforts to vest HRM duty with line. The observed that decreasing the jobs of line managers and good relationships with HR is means to develop superior decentralization. Line managers should be given more decision-making authority. Despite varied view on decentralization, there are numerous studies supportive the thesis that decentralization of HR assistances in improving organizational performance (Tabassum, 2010).

Specifically, certain human resource management applies positively encouragement the ability to attain ecological proactivity, including motivation and worker obligation, communication, precise training programs, consciousness, creating work groups and recompense for accomplishment ecological achievements (Salazar *et al.*, 2012). Therefore the following proposition is postulated.

**Proposition 1:** Organization that develops green abilities is very likely engaging in green human resources management practices reflected in organization efficient use of resources and reduced waste pollution.

**Developing green opportunities:** One of the HRM powerful tools in order to get a quality culture is empowerment which is it would encourages employee participation, incentive, satisfaction, deliberate willfulness to stay and devotion towards the firm. One technique of empowering employees is to give them resources, duty and authority to plan, establish, implement, measure their work and make decision that are essential for them to exploit their contribution on towards the organization with well-organized and effective operation (Keng *et al.*, 2007).

A research by De Winne and Sels (2010) discovers that possessors' and managers' human principal has indirect effect on new undertakings' innovative production but only an indirect effect in the sense that tremendously educated CEOs and managers incline to employ more highly educated workers and be likely to to use more human resource practices, two features which in turn rise the venture's innovation intensity. On the other hand, there is restricted understanding in what way non-managerial workers contribute to firms' new product or process growth. Most of articles reported that the effect of employee participation on innovation performance in line with the strategic opinion of human resource management look at large established firms, whereas studies on small firms are virtually non-existing (Andries and Czarnitzki, 2014).

The research by Kitazawa and Sarkis (2000) disclosed that employee empowerment and involvement in decision making are vital elements in handling continuous source reduction programmes because they increase their employee's involvement to the environmental challenges of the organization. Meanwhile, Zutshi and Sohal (2004) also found that worker participation in preparation of environmental policy, Employee Management System procedures and supporting programmes was intensely linked with morale structure within the firm. These studies indicate that high levels of employee participation and involvements are positively associated with environmental performance. This is achieved as employees develop an improved thoughtful of the rationale behind the ecological goals and environmental performance of the organization.

There has case study analysis in Canada in smelting plants of lubricant and copper refineries reported that the crucial of workers' tacit knowledge as existence mainly valuable in recognizing pollution sources, handling emergency circumstances and developing precautionary solutions. A research of worker participation in employee management initiatives in the NUMMI automobile factory in the US found that employee involvement create an vital contribution to refining environmental performance as 'workers have knowledge and abilities that managers lack' (Rothenberg, 2003). This research takes further and provides a significance vision into on how employee knowledge is combined with management and technical knowledge to improve employee management. Other than that, this study research recognizes two main automobiles for worker involvement in environmental projects: a recommendation programme and problem solving circles. Shop-floor workers involved in employee management projects mainly at the execution process rather than the beginning stage. The beginning stage was conquered by environmental and engineering experts. Rothenberg's

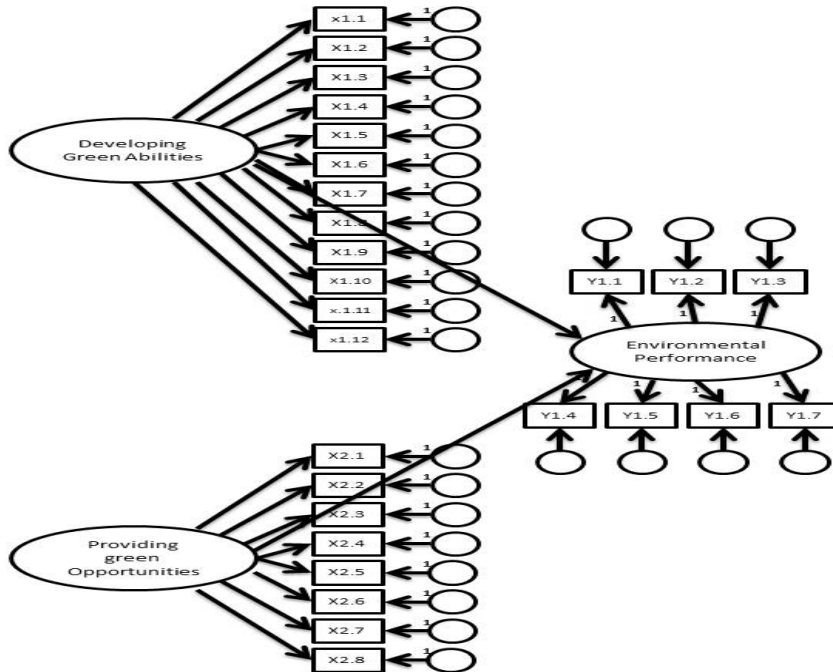


Fig. 1: Theoretical framework

study suggests that, instead of portraying this as an inactive procedure of participation, the contribution of background, processual, inter organizational knowledge by employee to employee management projects, combined with the external knowledge of expert managerial and technical staff to resolve environmental problem professionally. The culture and arrangement of lean production plants such as minimal barrier stocks certify immediate response of problem situations enabled knowledge arrangement between workers and experts in employee management projects (Renwick *et al.*, 2013).

In order to developing green opportunity, the participation ways of work dialog among employees, where there are gives them the chance to exchange information and ideas (Mohammad, 2010). It is a planning that guarantee that workers given the opportunity to effect management judgement and to contribute to the development of organizational performance (Abdulkadir *et al.*, 2012). Contribution is about workers playing a larger role in the decision-making procedure and would lead to firm performance efficiency (Lorenzo *et al.*, 2000; Denton, 1994).

**Proposition 2:** Organization that provides green opportunities is very likely engaging in green human resources management practices reflected in organizations efficient use of resources and reduced waste pollution Fig. 1.

**Providing green opportunities:**

- X2.1: Employee involvement practices in EM
- X2.2: Encouraging employees to make suggestions for EM
- X2.3: Increasing employees’ psychological empowerment
- X2.4: Supportive managerial behaviors
- X2.5: Wider EI in EM underpin pro-environment culture
- X2.6: EM education programmers for union members
- X2.7: Joint management/union training programmers
- X2.8: Green union representatives

**Environment performance:**

- Y1.1: Clear policy of valorizing environmental management
- Y1.2: Environmental training for all employees
- Y1.3: (Reduction, reuse and recycling applied to water, electric energy and paper)
- Y1.4: Development of products with smaller environmental impacts
- Y1.5: Vendor selection based on environmental criteria
- Y1.6: ISO 14001 or other environmental management system
- Y1.7: Voluntary promotion of information on environmental performance

## CONCLUSION

Currently, the trend of corporate focus on greening the business is highly focused, meanwhile, the modern HR managers have been allocated with additional duty of incorporating the green HR viewpoint in corporate mission report along with HR strategies. Therefore, to support the Malaysian Government policy the management of each organization should be started with the managerial itself. This is not only focused on produced green product or services. As a result, the finding in this study is the correlation between organization practices and environmental performance. This relationship will be determinant of performance outcomes and indicate a new vision of environmental performance. The result from this study not only helps the country to sustain environmental but also give benefit to the organization in term of financial performance and organization reputation. Moreover, this study assured the strong relationship between organization practices and environmental performance will be significant contribute to the employee well-being.

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