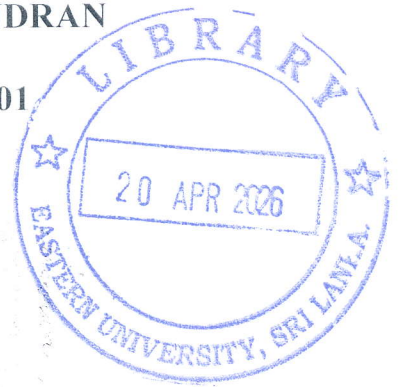


**THE IMPACT OF GREEN HUMAN RESOURCE MANAGEMENT
ON ENVIRONMENTAL PERFORMANCE IN THE FINANCIAL
SECTOR OF BATTICALOA DISTRICT: THE ROLE OF PRO-
ENVIRONMENTAL BEHAVIOURS AND GREEN INCLUSIVE
LEADERSHIP**

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ABSTRACT

This study investigates the impact of green human resource management on environmental performance among the financial sector of the Batticaloa District in Sri Lanka. Specifically, this study investigates the mediating role of pro-environmental behaviours and the moderating role of green inclusive leadership in the relationship between green human resource management and environmental performance. In the last couple of years, there has been a growing demand for sustainable business practices; hence, the importance of understanding how organizational strategies influence employee behaviours and environmental outcomes is becoming more vital.

A quantitative approach was adopted, and data were collected through structured questionnaires from nine financial institutions, which consisted of three banks, three finance companies, and three insurance companies operating within the Batticaloa District, with a sample of 212 employees. Green human resource management was measured through five key dimensions: green recruitment, green training and development, green performance management, green compensation, and green involvement.

The results established that green human resource management has a direct and significant positive impact on environmental performance and this relationship is partially mediated by pro-environmental behaviours, showing that green human resource management shapes employees' pro-environmental behaviours, which in turn enhance their environmental performance. Moderation analysis revealed that green inclusive leadership significantly moderated the relationship between green human resource management and environmental performance, though the moderating effect was unexpectedly negative. This indicates that higher levels of green inclusive leadership may actually weaken, rather than strengthen, the positive effect of green human resource management practices on environmental performance.

These findings contribute to the growing evidence base for sustainable human resource practices in developing countries and offer realistic lessons for financial institutions seeking to enhance their environmental performance using human resource strategies and leadership.

Keywords: *Environmental Performance, Green Human Resource Management, Green Inclusive Leadership, Pro-Environmental Behaviours*

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