

**THE MEDIATING ROLE OF EMPLOYEE GREEN BEHAVIOUR  
IN THE RELATIONSHIP BETWEEN GREEN BANKING  
PRACTICES AND BANKS' SUSTAINABILITY PERFORMANCE**



**KEHEL PANNALA PUHUL HENE GEDARA NIPUNI MALSHA**



FCM2340



Project Report  
Library - EUSL

**DEPARTMENT OF MANAGEMENT  
FACULTY OF COMMERCE AND MANAGEMENT  
EASTERN UNIVERSITY, SRI LANKA**

**2019**

## ABSTRACT

Banks possess as the life blood of the economy. Today, the world economy's consideration is to deal with environmental conserving matters. Because the current world faces many challenges with environmental issues. Majority Sri Lankan banks undergoing with environmental protection by re-evaluation of their corporate strategies including green operations and business performance. The paper provides strong foundation to better understanding the dynamics in green banking and facilitates exploring of future business opportunities for sustainable development with competitive advantage in banking, which is particularly significant for this sector.

Thus, the present study was conducted with aim to investigate the mediating role of employee green behaviour in the relationship between green banking practices and banks' sustainability performance in selected banks in Nuwara-Eliya. In order to achieve this objective, the primary data was collected from 220 employees of selected bank branches in Nuwara-Eliya and a structured questionnaire was administered to collect data. The study used univariate, bivariate and multivariate analysis techniques in order to analyze data and find the results of the study objectives.

The findings of the study reveal that there is a very high level in green banking practices, high level in employee green behaviour and high level in sustainability performance. According to the findings, it showed a strong positive relationship between green banking practices, employee green behaviour and banks' sustainability performance. Further the result indicated that partially mediation role of employee green behaviour in the relationship between green banking practices and banks' sustainability performance. Moreover, the both indirect effect and the direct effect of mediation analysis both are significant in the same direction the partial mediation possessed as a complementary partial mediation. The current study will be vital in understanding the empirical knowledge regarding the mediation role of employee green behaviour in the relationship between green banking practices and bank's sustainability performance.

**Keywords:** *Green Banking Practices, Employee Green Behaviour, Sustainability Performance*

## TABLE OF CONTENTS

ACKNOWLEDGEMENT .....	i
ABSTRACT .....	ii
TABLE OF CONTENTS .....	iii
LIST OF TABLES .....	ix
LIST OF FIGURES .....	xii
LIST OF EQUATIONS .....	xiii
ABBREVIATIONS .....	xiv
CHAPTER-1 .....	1
INTRODUCTION .....	1
1.1 Background of the Study .....	1
1.2 Research Problem/ Research Gap .....	3
1.3 Research Questions .....	6
1.4 Research Objectives .....	6
1.5 Significance of the Study .....	6
1.6 Scope of the Study .....	7
1.7 Chapter Organization .....	8
1.8 Chapter Summary .....	8
CHAPTER-2 .....	9
LITERATURE REVIEW .....	9
2.1 Introduction .....	9
2.2 Banking Sector in Sri Lanka .....	9
2.3 Green Banking .....	10
2.4 Green Banking Practices .....	11
2.5 Sustainability Performance .....	14
2.6 Employee Green Behaviour .....	16

2.7 Relationship between Green Banking Practices and Sustainability Performance .....	18
2.8 Relationship between Green Banking Practices and Employee Green Behaviour .....	19
2.9 Relationship between Employee Green Behaviour and Sustainability Performance .....	20
2.10 Employee Green Behaviour Mediate the Relationship between Green Banking Practices and Sustainability Performance .....	21
2.11 Existing Conceptual Models .....	21
2.12 Research Gap.....	26
2.13 Chapter Summary.....	27
CHAPTER-3 .....	28
CONCEPTUALIZATION AND OPERATIONALIZATION .....	28
3.1 Introduction.....	28
3.2 Conceptual Framework .....	28
3.3 Definitions of Variables .....	30
3.3.1 Green Banking Practices .....	30
3.3.2 Sustainability Performance.....	32
3.3.3 Employee Green Behaviour.....	33
3.4 Operationalization.....	33
3.5 Theories Support for the Conceptual Model of the Study .....	37
3.5.1 Three Bottom Line Theory .....	37
3.5.2 Stakeholder Theory.....	38
3.5.3 Institutional Theory .....	38
3.5.4 Theory of Planned Behaviour.....	39
3.5.5 Theory of Normative Conduct.....	41
3.5.6 Jeucken's Model.....	41
3.6 Chapter Summary.....	43

CHAPTER - 4 .....	44
RESEARCH METHODOLOGY .....	44
4.1 Introduction .....	44
4.2 Research Philosophy .....	44
4.3 Research Approach .....	45
4.4 Research Strategy .....	46
4.5 Methodological Choice .....	47
4.6 Time Horizon .....	48
4.7 Research Site Selection .....	48
4.8 Study Population .....	48
4.9 Sampling .....	49
4.9.1 Sampling Technique .....	50
4.10 Sampling Framework and Sample Size .....	50
4.11 Method of Data Collection and Source .....	51
4.11.1 Primary Data .....	51
4.11.2 Secondary Data .....	52
4.12 Research Instruments .....	52
4.13 Methods of Measurements .....	53
4.14 Pilot Study .....	54
4.15 Reliability Analysis .....	54
4.16 Unit of Data Analysis .....	55
4.17 Method of Data Analysis and Evaluation .....	55
4.17.1 Method of Data Analysis and Evaluation for the First Objective .....	55
4.17.2 Method of Data Analysis and Evaluation for the Second Objective .....	57
4.17.3 Method of Data Analysis and Evaluation for the Third Objective .....	58
4.18 Data Presentation .....	61
4.18.1 Data Presentation for General Information .....	61

4.18.2 Date Presentation for Research Information .....	61
4.19 Ethical Consideration .....	61
4.19.1 Permission .....	62
4.19.2 Confidentiality and Privacy .....	62
4.20 Chapter Summary.....	62
CHAPTER - 5.....	63
DATA PRESENTATION AND ANALYSIS .....	63
5.1 Introduction.....	63
5.2 Data Collection.....	63
5.3 Reliability Analysis.....	64
5.4 Data Presentation and analysis for the General Information of the Respondents .....	64
5.4.1 Bank.....	65
5.4.2 Sector .....	66
5.4.3 Gender .....	66
5.4.4 Civil Status .....	67
5.4.5 Age.....	68
5.4.6 Education Qualification.....	69
5.4.7 Job Position.....	70
5.4.8 Experience .....	71
5.5 Data Presentation and analysis for the Research Information.....	72
5.5.1 Univariate Analysis and Data Presentation to identify the levels of the Green Banking Practices, Employee Green Behaviour and Sustainability Performance of selected Banks in Nuwara-Eliya (Objective 1).....	72
5.5.2 Bivariate Analysis and Data Presentation to explore the relationships among Green Banking Practices, Employee Green Behaviour and Sustainability Performance of selected Banks in Nuwara-Eliya (Objective 2).....	85

5.5.3 Mediation Analysis and Data Presentation to examine whether Employee Green Behaviour mediates the relationship between Green Banking Practices and Sustainability Performance of selected Banks in Nuwara-Eliya (Objective 3)....	88
5.6 Testing Hypotheses .....	96
5.6.1 Testing Hypothesis 1 .....	96
5.6.2 Testing Hypothesis 2 .....	97
5.6.3 Testing Hypothesis 3 .....	97
5.6.4 Testing Hypothesis 4 .....	98
5.7 Chapter Summary.....	102
CHAPTER - 6 .....	103
FINDINGS AND DISCUSSION.....	103
6.1 Introduction .....	103
6.2 Discussion of General Information .....	103
6.2.1 Bank.....	103
6.2.2 Sector .....	104
6.2.3 Gender .....	104
6.2.4 Civil Status .....	104
6.2.5 Age.....	104
6.2.6 Education Qualification.....	105
6.2.7 Job Position.....	105
6.2.8 Experience .....	105
6.3 Discussion of Research Information .....	106
6.3.1 Discussion for Objective One.....	106
6.3.2 Discussion for Objective Two .....	114
6.3.3 Discussion for Objective Three .....	116
6.3.4 Discussion of Hypotheses Testing.....	118
6.4 Chapter Summary.....	119
CHAPTER – 7 .....	120

CONCLUSION AND RECOMMENDATION.....	120
7.1 Introduction.....	120
7.2 Conclusion of the Research Objectives.....	120
7.2.1 First Objective of the Study.....	121
7.2.2 Second Objective of the Study.....	122
7.2.3 Third Objective of the Study.....	122
7.3 Contribution of the Study.....	123
7.4 Recommendations of the Study.....	124
7.5 Limitations of the Study.....	125
7.6 Directions for Future Research.....	126
LIST OF REFERENCES.....	127
APPENDIX.....	136
Appendix 01: The Questionnaire used for the Study.....	136
Appendix 02: The Output of the Data Analyses.....	140