

From Green HR Practices to Environmental Performance: The Strategic Role of Green Innovation in Bali Hotels

I Putu Yopha Candra Aditya^{1*}, Anita Silvianita², Alex Winarno³
Business Administration, Economic and Business, Telkom University

Corresponding Author: I Putu Yopha Candra Aditya

yopha.candra1162@gmail.com

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ABSTRACT

Increased resource exploitation and government regulations have encouraged the hospitality industry to adopt environmentally friendly practices to reduce operational impacts. This qualitative study aims to explore the relationship between Green Human Resource Management (GHRM) and environmental performance with the mediating role of green innovation. Based on the Resource-Based View (RBV) lens, GHRM is seen as a strategic instrument for building unique and valuable employee capabilities. The results of the analysis show that GHRM practices significantly improve environmental performance. In addition, green innovation acts as a crucial mediator that transforms human resource potential into real solutions through green product and process innovation. This synergy enables hotels to reduce their ecological impact while strengthening their competitive advantage in the global market.

INTRODUCTION

Environmental issues are frequently discussed, and the implementation of activities and programs to address environmental problems is increasingly being debated, particularly in large industries around the world. Awareness of the increasing exploitation of resources has heightened human concern for environmental issues. Many large industries around the world have shifted to green or environmentally friendly operations to reduce or eliminate the environmental risks caused by their operations, one of which is widely implemented in the hospitality industry. The massive use of resources includes water, electricity, and waste from their daily operations, which is one of the largest uses of resources and producers of waste, especially in areas that depend on the tourism industry (Abdo & Edgar, 2025). In addition to consumers and industry players, attention to resource use in the hospitality industry has also gained attention from governments and environmental organizations around the world that encouraged players in the hospitality industry to pay attention to their resource use and waste production to meet government regulatory requirements and satisfy the demand of consumers who are concerned about environmental issues so that they can compete with their competitors.

Businesses within the hospitality industry are starting to focus on environmental sustainability and are particularly recognizing the significant role of employee engagement in reaching green objectives. (Karatepe et al., 2025). According to the Ministry of Tourism of the Republic of Indonesia in (Ketut Astawa et al., 2022), green hotels have policies and practices that support a sustainable lifestyle, such as environmentally friendly hotel management, land conservation, the use of adequate building materials, water efficiency, air quality, and waste management. (Ketut Astawa et al., 2022) also mentions that, in general, green hotels reduce environmental impact and energy consumption with energy conservation, the use of recycled raw materials, and low-pollution operations while providing services and goods to customers.

The implementation of the green hotel concept can be optimized through the application of Green Human Resource Management (GHRM), which acts as a strategic instrument to align employee competencies and behaviour with the company's sustainability goals (Abdo & Edgar, 2025). In practice, GHRM has transformed into a strategic instrument for promoting sustainable performance, particularly in industries with high resource consumption (Arshad & Liu, 2025). Through environmentally-based recruitment, training, and compensation systems, GHRM is able to build green commitment in employees, which then acts as a major driver for the emergence of Green Innovation (Esponda Perez et al., 2025). This innovation, whether through technological updates or refined operational processes, functions as a crucial mediator that translates HR practices into superior environmental performance. Thus, the synergy between human resource readiness and innovation capacity will enable hotels to significantly reduce their ecological impact, achieve regulatory compliance, and strengthen their competitiveness amid increasing global market demands for sustainable tourism practices.

THEORETICAL REVIEW

RBV

This study is based on the Resource-Based View (RBV), which explains how organizations strategically manage internal resources to achieve sustainable competitive advantage. According to the RBV perspective, an institution gains competitive advantage by developing resources that are valuable, rare, inimitable, and organized (VRIO) (M & G, 2025). In this context, Green Human Resource Management (GHRM) is seen as a strategic instrument that transforms human resources into environmentally sensitive assets. By integrating ecological values into HR practices, such as recruitment, training, and performance management, GHRM shapes unique employee capabilities, which are difficult for other organizations to replicate quickly. By treating employees' environmental competencies as valuable strategic assets, the RBV framework asserts that proper management of internal resources will directly drive organizational performance improvement toward sustainable environmental change (M & G, 2025).

Green Human Resource Management and Environmental Performance

The integration of environmental management strategies into human resource management resulted in the emergence of green human resource management (GHRM) practices, which are essential for encouraging employees to meet the organization's sustainability objectives. Tuan (Abdo & Edgar, 2025) defines GHRM practices as a collection of HRM techniques used to boost employee competence, dedication, and involvement in supporting organizational sustainability programs in order to accomplish green goals. To promote green behavior and enhance people's pro-environmental knowledge, skills, and competences, formal organizational methods like pro-environmental behavior training, performance monitoring, and incentives are frequently employed. Environmental performance refers to an organization's measurable achievements in minimizing their environmental impact and promoting sustainability. These outcomes often include greater ecological efficiency, decreased resource consumption, stakeholder satisfaction through eco-friendly practices, and compliance with environmental standards. (Juicharoen et al., 2025). Nowadays, environmental performance is no longer just a complement, but a key objective that many organizations want to achieve. This is driven by the awareness that corporate social responsibility (CSR) is not just about image, but also the key to winning sustainable business competition (Truc et al., 2024).

In developing countries, the demand to improve environmental performance is increasingly urgent. Companies now have no choice but to adapt, given the growing pressure from various directions, ranging from strict government regulations, increasingly critical consumers, to global sustainability standards that must be met to remain competitive (Mustafa et al., 2023). By allowing businesses to lower waste output, air pollution emissions, the usage of hazardous products, and the quantity of detrimental environmental impact, the implementation of GHRM principles enhances environmental performance. (Masud et al., 2025). According to RBV, a company needs valuable, scarce,

difficult to imitate, and irreplaceable resources to create sustainable performance. GHRM practices, like eco-friendly workplace policies, green hiring practices, and ecological education for staff, are important and rare tools that give businesses a competitive edge.

Empirical evidence consistently demonstrates a positive correlation between GHRM and environmental performance, yet the relationship is not merely linear. As suggested by (Umrani et al., 2022), GHRM functions as a motivational catalyst; it enhances organizational attractiveness which, in turn, reinforces employee pro-environmental behavior. This feedback loop suggests that environmental performance is a multi-dimensional outcome of both human capability and psychological engagement. Therefore, the synthesis of current literature indicates that for industries like hospitality or manufacturing, GHRM is the foundational "infrastructure" required to translate sustainability intentions into measurable ecological outcomes.

P1: GHRM plays a role in supporting the creation of environmental performance in hotels.

Green Human Resource Management and Green Innovation

GHRM's primary purpose is to achieve total business sustainability by integrating sustainability objectives into human resource management (Esponda Perez et al., 2025). GHRM practices are based on sustainable development, which highlights the necessity of striking a balance between economic, social, and environmental concerns to guarantee the well-being of present and future generations (Faeni et al., 2025). One outcome of the implementation of GHRM in businesses is Corporate Social Responsibility (CSR), which is the duty of businesses to conduct themselves morally and make a positive impact on the environment and society. Green innovation can be defined as services, products, and processes that do not harm the environment, reduce environmental damage, and improve the sustainability of natural resources (Ahmed et al., 2023).

Two aspects of green innovation are green products and green services. Energy efficiency, waste management, the development of renewable goods, carbon and fossil fuel emission control, and environmental protection by businesses are all aspects of green innovation (Esponda Perez et al., 2025). By embedding environmental criteria into recruitment, training, and reward systems, organizations cultivate a specialized workforce that is not only environmentally aware but also psychologically committed to sustainable problem-solving (Esponda Perez et al., 2025; Mamun, 2026). The aspects of GHRM greatly assist in the formation of green innovation in companies, where aspects such as employee training and green incentives can help employees to increase their level of innovation with environmental elements. Employees who are given incentives for the number of green innovations they make can also trigger employees to innovate more, facilitated by Human Resources to increase green innovation (Mamun, 2026).

Empirical evidence underscores this relationship, positioning GHRM as a significant predictor of an organization's innovative capacity. However, the literature suggests that this influence is not merely a byproduct of policy, but a

result of a fostered innovation culture. Through strategic recruitment of eco-conscious talent and rigorous performance management, managers can build a sustainable culture where green innovation becomes a normative behavior rather than an occasional initiative (Mamun, 2026). Consequently, GHRM functions as the strategic catalyst that transforms a company's environmental vision into tangible innovative outputs, providing a foundation for long-term competitive advantage.

P2: GHRM encourages the formation of green innovation in the hotel sector

Green Innovation and Environmental Performance

Beyond merely adhering to laws and regulations, environmental performance refers to an organization's efforts to meet and surpass societal expectations about the natural environment (Rehman et al., 2021). This covers how organizational procedures, goods, and resource usage affect the environment while adhering to legal environmental regulations. Environmental performance is dependent on the quality of eco-friendly products, green process and product innovation, and the incorporation of ecological sustainability elements into business operations and product development, according to a prior study by (Singh et al., 2020). Green innovation promotes environmental performance and is connected to the company's environmental management objective.

Green innovation (GI) involves the creation and implementation of eco-friendly technologies and systems aimed at substantially lowering the ecological footprint of industrial and commercial activities. This includes the use of energy-efficient machinery, the creation of environmentally friendly products, and the implementation of operational practices that can reduce a company's carbon footprint (Li et al., 2025). The Green Innovation Approach acts as a blueprint for organizations to embed eco-friendly advancements into their primary business models. Beyond environmental conservation, innovating products and workflows allows firms to bolster both fiscal health and social standing by optimizing resource use and lowering enduring overhead costs. (Gold & Tregenna, 2025).

Empirical evidence consistently validates that green innovation is a significant predictor of superior environmental performance (Ahmed et al., 2023). However, the synthesis of these findings implies that the impact of GI is most potent when it is viewed as a long-term investment in sustainable competitive growth. For senior management, the integration of green innovation projects is not merely a technical update but a strategic commitment to transforming the organization's ecological footprint. Consequently, the literature reinforces that environmental performance is the direct "harvest" of a well-executed green innovation strategy, providing the necessary evidence for hotels and manufacturing firms to prioritize eco-innovation as their primary driver for sustainability.

P3: Green innovation is an important instrument in supporting the creation of environmental performance in hotels.

Green Innovation as mediator

The strategic alignment of GHRM and environmental performance is not merely a direct causal link, rather, it functions through a sophisticated mediating mechanism driven by Green Innovation (GI). While GHRM provides the human capital and motivational framework, it is GI that serves as the operational vehicle for translating these intangible resources into measurable ecological outcomes, such as reduced CO2 emissions and energy efficiency (Li et al., 2025; Miyan et al., 2025). The synthesis of recent literature suggests that the impact of green initiatives is significantly amplified in environments with high R&D investment and technological readiness, indicating that GHRM alone, without the catalyst of innovation, may struggle to achieve substantial environmental breakthroughs (Miyan et al., 2025).

Consistent with the Resource-Based View (RBV), the role of GI as a strategic bridge is vital because human resource policies (Ability, Motivation, and Opportunity) act as the primary drivers for the emergence of eco-friendly products and processes. As argued by (Singh et al., 2020), environmental performance is not solely a product of policy compliance, but a tangible result of how effectively GHRM can spark employee creativity. In this context, GI functions as a mediator that transforms latent employee potential into concrete waste reduction and improved organizational reputation. This suggests a sequential dependency: GHRM fosters the necessary green mindset, which then triggers innovative solutions, eventually manifesting as superior environmental performance.

Therefore, the literature reinforces the argument that Green Innovation is the critical link that resolves the "black box" between HR practices and environmental outcomes. For organizations in resource-intensive sectors, such as hospitality and manufacturing, GHRM practices that fail to foster innovative capacity are likely to yield suboptimal results. Consequently, this study positions GI as a necessary mediator, asserting that the effectiveness of sustainability-oriented HRM is inherently contingent upon the organization's ability to convert green commitment into innovative, tangible practices.

P4: Green innovation functions as a mediating mechanism that connects HRM with sustainable environmental performance outcomes.

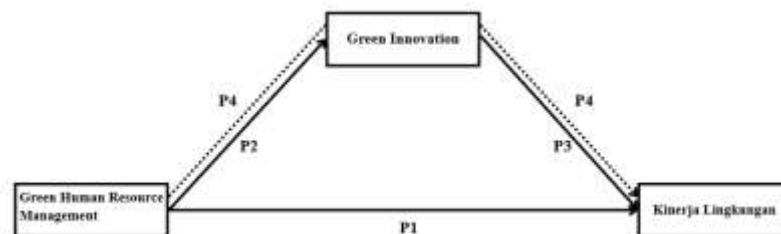


Figure 1. Conceptual Framework

P1: GHRM plays a role in supporting the creation of environmental performance in hotels.

P2: GHRM encourages the formation of green innovation in the hotel sector

P3: Green innovation is an important instrument in supporting the creation of environmental performance in hotels.

P4: Green innovation functions as a mediating mechanism that connects HRM with sustainable environmental performance outcomes.

METHODOLOGY

This study employs a qualitative approach using the library research method to explore the relationship between Green Human Resource Management (GHRM) and environmental performance, specifically examining the mediating role of green innovation. Data were systematically collected through comprehensive literature searches in reputable scientific databases, including ScienceDirect, Google Scholar, and ResearchGate. To ensure transparency and mitigate selection bias, the search process was governed by strictly defined eligibility criteria. Inclusion criteria were limited to original, peer-reviewed empirical articles published within the last six years (2020–2026) to capture the most contemporary developments in the field. Specifically, the selection focused on studies conducted within the hospitality or manufacturing industries that utilized the Resource-Based View (RBV) theory as their primary analytical framework. Only full-text articles written in English or Indonesian were considered for final synthesis.

Conversely, exclusion criteria were applied to maintain the quality and rigor of the review. Documents such as book chapters, conference proceedings, editorials, and non-peer-reviewed reports were omitted. Articles discussing general environmental management without a clear link to HR functions or those lacking a clear methodological framework were also excluded. The data analysis involved content analysis and literature synthesis, a process that included identifying key themes, comparing findings across researchers, and integrating theories to build a comprehensive conceptual framework (Harden & Schuurman, 2025). Data validity was ensured through theory triangulation techniques, where findings from various research articles were cross-validated to maintain consistency and credibility. Through this rigorous systematic filtering, the study aims to synthesize existing empirical evidence to provide an in-depth understanding of the strategic role of green innovation as a mediating variable in the GHRM framework.

RESULTS

Growing global concern for ecology has led scholars to investigate how Green Human Resource Management (GHRM) impacts a firm's environmental outcomes through the lens of green innovation. Prevailing research suggests a positive correlation, indicating that GHRM practices directly bolster environmental performance. Crucially, green innovation serves as a vital intermediary, translating GHRM initiatives into tangible environmental results.

Green Human Resource Management and Environmental Performance

Research discussing the relationship between GHRM and environmental performance found that there is a very strong relationship in which GHRM

greatly influences the implementation and results of environmental performance in companies. The implications of the research conducted by (Alrifae, 2026) show that GHRM has a positive effect on environmental performance and is highly relevant for organizations that want to improve their environmental performance by implementing good and structured GHRM practices so that the output of GHRM can accurately achieve the planned environmental performance targets.

According to (Haldorai et al., 2025), firms can achieve a lasting competitive advantage by deeply embedding GHRM practices into their corporate culture and leadership development. Over time, these sustainability-focused strategies become central to the organization's decision-making processes, transforming environmental responsibility into a core strategic asset. These results show that companies with good environmental performance have an advantage due to the implementation of good HRM in the company, indicating that there are not only benefits for the environment, but also benefits for the company's survival because good environmental performance can help the company compete and provide more value than its competitors.

Other research findings by (Truc et al., 2024) show that GHRM has been proven effective in improving corporate environmental performance by transforming customer pressure into concrete actions through employee management. However, it was found that each GHRM function has different levels of effectiveness. The results of this study confirm that superior environmental performance stems from two main combinations of strategies: training and employee engagement that equips staff with environmental expertise, and performance management and compensation that provides incentives for achieving green targets. Thus, GHRM serves as a strong buffer, enabling companies to meet market expectations while improving environmental quality through the empowerment and appreciation of their human resources.

Green Human Resource Management and Green Innovation

Innovation is essential in every process and practice of a company, whether it is renewal or adjustment, to help the company achieve its specified targets. Green innovation refers not only to product renewal, but also innovation in company processes or operations with a focus on environmental sustainability. Corroborating these results, (Alshuaibi et al., 2024) demonstrate a strong correlation between GHRM and green innovation, suggesting that robust GHRM practices act as a catalyst for sustainable advancements. Firms utilizing GHRM frameworks generally foster more inventive teams and maintain highly organized, eco-conscious creative workflows. Drawing on Ratnasari's definition, as cited in (Alshuaibi et al., 2024), green innovation involves the strategic overhaul of behaviors, systems, and products to enhance operational sustainability, specifically through the creation of eco-friendly protocols and goods.

Research conducted by (Afzal et al., 2023) also found similar results, discovering that there is a very strong relationship between GHRM and green

innovation, where GHRM influences green innovation through its three main pillars. Green recruitment and selection processes play an important role in screening individuals with high environmental awareness, while green training equips them with the technical skills to create more environmentally friendly operational solutions. In addition, the existence of a green compensation system is a motivating factor for employees to actively generate innovative ideas in product development and production processes. (Mamun, 2026) found in his research that aspects of GHRM influence green innovation in companies. Green Human Resource Management (GHRM) initiatives, particularly sustainability-oriented training, equip the workforce with the necessary expertise to engineer eco-conscious solutions. Additionally, by integrating environmental benchmarks into evaluation and compensation frameworks, organizations can effectively incentivize staff to participate in green innovation initiatives.

Green Innovation and Environmental Performance

In addition to GHRM, innovation, especially green innovation, is essential in achieving good environmental performance, where in addition to well-executed managerial practices, product and process updates are also necessary to achieve the environmental performance targets set by the company. Research by (M & G, 2025) found that good environmental performance can be achieved with good green innovation in the company. They argue that green innovation is needed in company processes or operations to encourage the implementation and achievement of better environmental performance, where green innovation helps companies in updating processes, operations, and environmentally friendly products, such as innovations in waste management systems, recycling, and environmentally friendly products to improve their environmental performance. Similar results to this study were found by (Ahmed et al., 2023), who found that green innovation is an important variable in a company's environmental performance results and emphasized that the implemented innovations tend to focus on green product innovations in the context of meeting consumer needs and desires for environmentally friendly products that support the company's environmental performance.

Other research conducted by (Rehman et al., 2021) shows analysis results indicating that green innovation has a direct, positive, and significant effect on a company's environmental performance. Their findings confirm that when companies implement innovations at both the product and process levels, such as the use of environmentally friendly raw materials, waste reduction, and energy and water consumption efficiency, this automatically improves the overall effectiveness of the organization's environmental protection. The results of this study prove that green innovation is a key operational instrument that significantly reduces the negative impact of industrial activities and operations on nature. Research by (Ngoc Huynh et al., 2024) reinforces these findings, noting a growing corporate trend toward integrating eco-friendly practices through systematic product and process innovation. Their analysis advocates for cross-sector investment in green innovation, highlighting its potential to mitigate ecological damage, optimize cost structures, and foster a healthier work

environment. Ultimately, embracing these strategies allows firms to cultivate environmental awareness and secure superior sustainability outcomes.

Green Innovation as mediator

Numerous scholars argue that green innovation serves as the critical link between Green Human Resource Management (GHRM) and ecological outcomes. According to (Arshad & Liu, 2025), green innovation is a strategic capability that converts HR-driven inputs into tangible product and process advancements, thereby generating environmental value. This is further supported by (Singh et al., 2020), who suggest that GHRM practices – including eco-centric recruitment, training, and performance-based rewards – are essential for attracting and retaining a workforce capable of driving sustainable innovation. Ultimately, these creative efforts, whether independent or HR-led, are what translate corporate strategy into superior environmental performance.

Research conducted by (Fang et al., 2022) reinforces the premise that green innovation acts as an intermediary between GHRM and environmental performance. Their study highlights that GHRM initiatives are crucial for stimulating eco-friendly innovation among staff. Furthermore, such innovation encourages employees to engage in "extra-role behaviors," fostering a commitment to ecological improvements that ultimately drives the organization's overall environmental success. (Alshuaibi et al., 2024) also found similar results showing that green innovation fully mediates the relationship between GHRM and environmental performance in companies. The relationship between GHRM and environmental performance is stronger when mediated or assisted by green innovation, which can encourage stronger GHRM practices to influence environmental performance.

DISCUSSION

This study aims to explore the mechanism of how Green Human Resource Management (GHRM) affects environmental performance through the role of green innovation as a mediator. Based on the literature synthesis presented in the results section, strong evidence was found that there is a relationship between these variables and that it can be enhanced by innovative capabilities as a catalyst. Based on the analysis results, it was found that there is a relationship in which GHRM influences and supports the creation of environmental performance in hotels that support P1. The relationship between GHRM and environmental performance can be comprehensively explained through the Resource-Based View (RBV) lens. GHRM is seen as a strategic instrument for developing human resources that meet the VRIO (Valuable, Rare, Inimitable, Organized) criteria. Through green recruitment and training practices, hotels develop human capital with specific knowledge about energy efficiency and water conservation. Human resources with this ecological awareness are valuable intangible assets because they are difficult for competitors to replicate. Thus, the improvement in environmental performance found in various literature is not solely the result of technology, but rather a manifestation of competitive advantage derived from superior internal resource management.

These results align with research by (Alrifae, 2026) and (Truc et al., 2024), confirming that GHRM helps companies reach environmental targets. Specifically, green training improves energy and waste management, while green recruitment and employee involvement promote eco-friendly manufacturing and conservation. By linking appraisals and rewards to sustainability, firms further motivate employees to prioritize ecological goals. Theoretically, this supports the Resource-Based View (RBV), which treats GHRM as a strategic resource that creates a unique capability and a competitive advantage through superior environmental performance.

The results of the analysis of P2 confirm that GHRM is the main driver for the creation of green innovation. GHRM, which is a strategic instrument in building strategic assets in the form of human resources with environmentally friendly insights, can be a driver in the formation of organizational capabilities in the form of green innovation that assists in green product and process renewal. In the context of RBV, green innovation is an intangible asset that is difficult to imitate because it is developed from the accumulation of knowledge and insights from within the company. Green innovation is also a knowledge-based resource that is the result of green management that applies aspects such as green-based recruitment, training, assessment, and incentives, which ultimately encourage improvements in green insights, knowledge, and practices within the company. The results of green innovation, which can take the form of products, processes, or services, constitute a unique competitive advantage for the company. The synergy between GHRM and Green Innovation creates a bundled resource that is far more difficult for competitors to replicate than human capital alone. While a competitor can easily poach green-trained employees (transferable human capital), they cannot easily replicate the internal knowledge-transfer climate that GHRM builds to spark innovation. This implies that inimitability in RBV is not just about the person, but about the interaction between HR systems and innovative processes. This analysis is in line with the results of research by (Afzal et al., 2023; Alshuaibi et al., 2024; Mamun, 2026), which states that green innovation is influenced by the application of GHRM aspects such as green training and compensation in companies, which trigger the formation of insights and practices regarding green innovation.

The GHRM programs implemented in companies include the company's ability to achieve their environmental targets. This ability can also be categorized as an intangible asset, which is difficult for external parties to imitate, making intangible assets part of VRIO. As discussed earlier, one of the intangible assets in the context of environmental sustainability, apart from GHRM, is green innovation, which generates competitive advantage in companies. P3 in this study discusses green innovation as an important instrument in supporting the creation of environmental performance in hotels. Environmental performance in the context of RBV is a competitive advantage, which means that the implementation and level of environmental performance in companies can be an advantage and strength in competing with competitors. The competitive advantage of implementing environmental performance in hotels can take the form of a better brand image in the eyes of visitors due to product innovation and good

environmentally friendly practices implemented in the company, as well as a reduction in operational costs due to decreased energy consumption, such as electricity and gas, as a result of environmentally friendly practices implemented to achieve environmental performance.

The P3 analysis is supported by research findings by (Ahmed et al., 2023; M & G, 2025; Ngoc Huynh et al., 2024; Rehman et al., 2021) which found that green innovation has an influence on and supports the creation of environmental performance in companies. Green innovation is a knowledge-based resource that produces green product, process, and service innovations that can help improve environmental performance. Innovations based on environmental friendliness, such as more efficient recycling programs, processing of operational waste, and environmentally friendly services that do not use paper, show that green innovations have a significant impact on the level of environmental performance achievement because when innovations are based on environmental friendliness and sustainability, it is certain that the results or impacts of green innovation will affect environmental performance in companies.

The mediating role of green innovation in this study confirms the RBV proposition that internal resources require capability mechanisms to generate superior performance. GHRM acts as a provider of intangible assets in the form of green knowledge and skills of employees, but these assets require intermediaries in the form of green innovation in products, processes, services, and operations so that these assets can be converted into resource efficiency and environmental performance in the form of competitive advantage. The P4 analysis is supported by research by (Alshuaibi et al., 2024; Arshad & Liu, 2025; Fang et al., 2022; Singh et al., 2020). These studies show that green innovation significantly mediates the relationship between GHRM and environmental performance. The results indicate that there is a link between these three variables. GHRM, which is a human resource management practice, influences green policies in companies through aspects such as training, assessment, and incentives that can improve employee performance and productivity in an environmentally friendly context, triggering green innovation driven by training and incentives in employee environmentally friendly behaviour. These innovations help the implementation of GHRM in companies in achieving good environmental performance. This means that GHRM does improve environmental performance directly, but the effect will be much greater if companies use GHRM to encourage Green Product Innovation and Green Process Innovation.

Beyond the empirical relationships, these findings offer significant theoretical implications for the Resource-Based View (RBV). Traditionally, RBV has been criticized for being too static—focusing primarily on the possession of VRIO-compliant assets. This study extends the RBV theory by demonstrating that in the hospitality and manufacturing sectors, internal resources like GHRM require a transformative conduit, namely Green Innovation, to be fully realized. This suggests that the valuable and inimitable status of green human capital is not inherent, but is contingent upon its conversion into innovative processes. Thus, this study criticizes the simplistic application of RBV and proposes that competitive advantage is actually a result of Resource Bundling, where the

synergy between HR practices and innovation creates a socially complex system that is impossible for competitors to replicate through technology alone.

CONCLUSIONS AND RECOMMENDATIONS

This study aims to provide theoretical and practical contributions to Green Human Resource Management, where environmental issues, particularly green hotels, are widely discussed in the hospitality industry. This study seeks to explore the relationship between GHRM and Environmental Performance, as well as the role of Green Innovation as a mediator between GHRM and Environmental Performance. This study seeks to broaden the understanding that innovation is important in sustainability practices in companies that are becoming competitive in the hospitality industry, especially through the RBV perspective, which explains that green innovation is an intangible asset that produces green products, processes, and services that can become a competitive advantage along with good environmental performance. Well-implemented GHRM can support green innovation and environmental performance because GHRM is a strategic instrument that manages employees, who are important assets in achieving green innovation and good environmental performance. GHRM functions as more than just a standard for environmental success; a proactive approach is essential for recruiting, training, and keeping eco-conscious talent. This workforce is vital for driving green innovation and enhancing ecological results, which ultimately provides the company with a significant competitive advantage in the marketplace.

Findings from this research indicate that a proactive GHRM architecture is essential for securing and fostering eco-conscious talent. By cultivating this specialized workforce, firms can drive green innovation and bolster environmental results, securing a strategic edge over market rivals. In the short term, organizations should integrate sustainability into hiring and professional development. For the medium term, these efforts should be broadened by aligning performance evaluations and reward systems with environmental benchmarks.

FURTHER STUDY

As a literature-based study, this research has a number of limitations that must be acknowledged. First, the approach used is entirely qualitative and based on literature review, thus not involving empirical data or statistical testing that could strengthen the validity of the relationship between variables. This limits the generalization of the findings to the broader hospitality industry context, especially outside the Bali region.

Second, the geographical scope limitation is an important consideration, given that the dynamics of implementing Green Human Resource Management (GHRM) and green innovation may vary across regions and industries. Furthermore, this study only discusses three main variables, namely GHRM, green innovation, and environmental performance, without exploring other potential variables that may have an influence, such as organizational culture, green leadership style, or external policies that support sustainability.

Third, because it is a qualitative study, this research has not developed a measurement instrument that can be used to assess the effectiveness of GHRM practices and their contribution to environmental performance quantitatively. In addition, the use of literature as the only source of information also has the potential to create interpretive bias if the sources are not sufficiently diverse and up to date.

Given these limitations, future research should conduct quantitative studies or mixed methods studies by collecting primary data from hotel employees and managers to empirically test the relationship between variables. Comparative research between regions or across industry sectors can also be conducted to broaden understanding of the effectiveness of GHRM in various contexts. The use of statistical analyses such as Structural Equation Modelling (SEM) is recommended to test the mediating role of green innovation in greater depth.

Future researchers may add other relevant variables such as green transformational leadership, green organizational climate, or government policy support as additional moderator or mediating variables. Longitudinal studies may also be conducted to examine the long-term impact of GHRM implementation on employee environmental behaviour and performance more comprehensively.

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