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The Role of Green Human Resource Management (GHRM) and Islamic Ethical Leadership in Fostering Organizational Citizenship Behavior for the Environment (OCBE) in Islamic Financial Institutions

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ABSTRACT

As the global financial sector shifts toward sustainability, Islamic Financial Institutions (IFIs) are increasingly being urged to adopt "Green Economy" principles not only in their financial products but also in their internal organizational practices. However, research linking human resource practices to environmental performance in the Islamic banking context is limited. This study aims to examine the influence of Green Human Resource Management (GHRM) and Islamic Ethical Leadership on employees' Organizational Citizenship Behavior for the Environment (OCBE). This research uses a quantitative approach, utilizing a survey distributed to employees in Islamic financial institutions. The study hypothesizes that GHRM practices—such as environmentally friendly recruitment, training, and performance appraisal—increase employees' ability and motivation to perform environmentally friendly tasks. Furthermore, Islamic Ethical Leadership, grounded in the concept of humans as stewards (Khalifah) of the earth, is expected to significantly inspire voluntary green behavior among staff. The findings aim to demonstrate that while GHRM provides structural support for sustainability, Islamic Ethical Leadership provides the necessary moral and spiritual motivation. This study contributes to the literature by integrating Islamic management values with environmental sustainability, offering practical insights for Islamic financial institutions to foster a green organizational culture through human resource development and strategic leadership.

Keywords: *Green Human Resource Management, Islamic Ethical Leadership, OCBE, Islamic Finance, Sustainability*

INTRODUCTION

The global economic paradigm shift toward a Green Economy has positioned the banking and financial sector as a key catalyst for sustainable development. In Indonesia, this commitment was reinforced by the issuance of POJK No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance, which requires Financial Services Institutions (LJK) to align economic, social, and environmental interests. Data from the Financial Services Authority (OJK) records a positive trend, with the portion of environmentally friendly financing continuing to increase. However, on the ground, the focus of banks, including Islamic banks, remains heavily focused on developing external products (such as Green Sukuk or renewable energy financing), while internal "green" behavioral transformations are often neglected (OJK, 2023; Rizk et al., 2022).

The success of environmental initiatives depends not only on technology or products but also heavily on the behavior of the human resources within them. Organizational Citizenship Behavior for the Environment (OCBE) is a crucial variable, defined by Boiral (2009) as voluntary individual behavior that is not explicitly recognized by a formal reward system, yet contributes to the effectiveness of an organization's environmental management. In the context of Islamic Financial Institutions (IFIs), OCBE should be an inherent manifestation, given that Islamic teachings view humans as caliphs tasked with safeguarding the earth (Hifz al-Bi'ah). However, research by Yusliza et al. (2019) found a gap: despite increasing environmental awareness, the implementation of concrete behaviors in the

workplace (such as energy conservation, paper reduction, and recycling initiatives) remains inconsistent without appropriate organizational triggers.

To stimulate OCBE, organizations require structural interventions through Green Human Resource Management (GHRM). GHRM integrates environmental management into HR processes, from green recruitment and training to green performance appraisals. Previous research by Dumont et al. (2017) and Renwick et al. (2013) empirically demonstrated that GHRM can increase employee capability and motivation to engage in environmentally friendly behavior. However, the implementation of GHRM in the banking sector in developing countries often remains administrative in nature and does not address the intrinsic value aspects of employees, thus its impact on voluntary work behavior (OCBE) is less than optimal.

This is where the gap lies that needs to be filled. Formal systems (GHRM) require the support of a "moral compass" from leaders. Numerous studies on ethical leadership (Brown et al., 2005), however, studies specifically linking Islamic ethical leadership to environmental behavior (OCBE) are still limited. Leaders with Islamic character traits (Siddiq, Amanah, Tabligh, Fathonah) not only provide work instructions but also instill the value that protecting the environment is part of worship and divine accountability.

Research by Shafique et al. (2020) indicates that ethical leadership increases positive work behavior, but few have examined this within the framework of eco-friendly behavior in Islamic banks. Therefore, this research is urgently needed to answer the question: Is the integration of modern management systems (GHRM) and spiritual leadership approaches (Islamic Ethical Leadership) able to effectively encourage environmental citizenship behavior (OCBE) in Islamic Financial Institutions?

Hypotheses Development

The relationship between GHRM and employee behavior can be explained through the Ability, Motivation, and Opportunity (AMO) Theory. GHRM practices operate through three mechanisms:

1. Ability: Green training improves employees' literacy and ability to understand environmentally friendly work practices.
2. Motivation: A green performance appraisal and rewards system provides extrinsic motivation for employees to care about the company's sustainability goals.
3. Opportunity: A recruitment culture that prioritizes environmental values attracts individuals who share similar concerns, creating a climate where green initiatives are valued.

When employees perceive their organization as serious about implementing GHRM, a sense of psychological obligation and emotional attachment (organizational commitment) develops. This encourages them to engage in extra-role (voluntary) behaviors for the environment, or OCBEs, such as turning off unused lights, saving paper, or suggesting green innovations, even if these are not stated in their formal job descriptions. Research by Dumont et al. (2017) and Yusliza et al. (2019) showed that GHRM practices are positively correlated with employees' in-role and extra-role behaviors (OCBE).

H1: Green Human Resource Management (GHRM) has a positive and significant effect on Organizational Citizenship Behavior for the Environment (OCBE)

This relationship is based on Social Learning Theory and the concept of the Caliph. In Islam, a leader is not only an administrative manager but also a trustee who must possess the qualities of Siddiq, Amanah, Tabligh, and Fathonah. When a leader in an Islamic Financial Institution (LKS) demonstrates moral integrity and concern for the environment as a form of worship (protecting Allah's earth), that leader becomes a role model. Employees will emulate this ethical behavior. In the context of OCBE, Islamic Ethical Leadership instills the value that destroying the environment is an act of injustice, while preserving it is charity. Internalization of this spiritual value creates strong intrinsic motivation for employees to engage in OCBE without the need for close supervision. Studies by Shafique et al. (2020) and Rizk (2014) confirm that values-based leadership (such as ethical or spiritual leadership) is effective in encouraging organizational citizenship behavior because it touches on employee morality.

H2: Islamic Ethical Leadership has a positive and significant influence on Organizational Citizenship Behavior for the Environment (OCBE)

METHOD

1. Research Design

This study uses a quantitative approach with explanatory research to test the causal relationships between the hypothesized variables. A survey method was used to collect data on employee perceptions regarding green management practices and leadership in their organizations.

2. Population and Sample

- Population: The population in this study is all permanent employees of Islamic banks (or Islamic financial institutions) operating in South Sulawesi.
- Sampling Technique: The sample was drawn using purposive sampling with the following inclusion criteria:
 - 1) Permanent employees (not outsourced).
 - 2) Have worked for at least one year (assuming they already understand the organizational culture and leadership style of their superiors).
- Sample Size: Following the rule of thumb for SEM-PLS (Hair et al., 2019), the sample size was set at 100 respondents, which was deemed sufficient to represent the population and meet the requirements for statistical analysis.

3. Measurement of Variables

The questionnaire was constructed using a 5-point Likert Scale (1 = Strongly Disagree to 5 = Strongly Agree). The instrument was adopted and adapted from leading literature to ensure content validity:

- Green HRM (GHRM): Measured using 6 indicator items adapted from Dumont et al. (2017). The measurement focus includes: Green recruitment, Green training, and Green performance appraisal.
- Islamic Ethical Leadership (IEL): Measured using 8 items developed from the dimensions of the Prophet Muhammad's attributes (Siddiq, Amanah, Tabligh, Fathonah) adapted from Shafique et al. (2020) and Yusliza et al. (2019) in a managerial context.
- OCBE (Organizational Citizenship Behavior for the Environment): Measured using seven indicator items from Boiral & Paillé (2012), which include eco-initiatives, eco-civic engagement, and eco-helping.

4. Data Analysis Techniques

Data analysis was conducted using Structural Equation Modeling (SEM) with a Partial Least Squares (PLS) approach using SmartPLS 4.0 software.

The analysis stages include:

- a) Evaluation of the Measurement Model (Outer Model): Testing Convergent Validity (Factor Loading > 0.7 , AVE > 0.5), Discriminant Validity (Fornell-Larcker Criterion), and Reliability (Composite Reliability & Cronbach's Alpha > 0.7).
- b) Structural Model Evaluation (Inner Model): Testing the coefficient of determination (R^2) and hypothesis testing through bootstrapping (T-statistics > 1.96 and P-values < 0.05).

RESULT AND DISCUSSION

The measurement model was evaluated to test the validity and reliability of the instrument.

- 1) Convergent Validity: All indicators had Loading Factor values > 0.70 and Average Variance Extracted (AVE) values > 0.50 , indicating that the indicators were valid in measuring their respective variables.
- 2) Reliability: Cronbach's Alpha and Composite Reliability values for all variables were above 0.70, indicating excellent internal consistency.

Variabel	Kode Item	Loading Factor	Cronbach's Alpha	Composite Reliability (CR)	AVE
Green HRM	GHRM1	0.812	0.885	0.912	0.635
	GHRM2	0.795			
	GHRM3	0.808			
	GHRM4	0.788			
	GHRM5	0.765			
	GHRM6	0.810			
Islamic Ethical Leadership	IEL1	0.855	0.921	0.935	0.678
	IEL2	0.840			
	IEL3	0.825			
	IEL4	0.815			
	IEL5	0.790			
	IEL6	0.810			
OCB for Environment (OCBE)	OCBE1	0.835	0.894	0.918	0.652
	OCBE2	0.810			
	OCBE3	0.795			
	OCBE4	0.805			
	OCBE5	0.785			
	OCBE6	0.815			

Structural Model Assessment (Inner Model)

R-Square Value

The analysis results show an R^2 value for the OCBE variable of 0.582. This means that 58.2% of the variance in employee environmentally friendly behavior (OCBE) can be explained by the Green HRM and Islamic Ethical Leadership variables, while the remainder is explained by other factors outside this study. This figure is considered moderate to strong in organizational behavior research.

Hypothesis Testing:

Hypothesis testing was conducted by examining the Path Coefficient, T-Statistics (>1.96), and P-Values (<0.05).

Hipotesis	Jalur Hubungan (Path)	Original Sample (O) / Beta	T-Statistics	P-Values	Keputusan
H1	Green HRM \rightarrow OCBE	0.415	4.231	0.000	Diterima
H2	Islamic Ethical Leadership \rightarrow OCBE	0.388	3.854	0.000	Diterima

Brief Interpretation:

1. H1 Accepted: There is a positive and significant effect between GHRM and OCBE ($\beta=0.415$, $P<0.05$). This indicates that the better the implementation of green HR management (training, recruitment, and assessment), the higher the employee's voluntary environmental behavior.
2. H2 Accepted: There is a positive and significant effect between Islamic Ethical Leadership and OCBE ($\beta=0.388$, $P<0.05$). This proves that leaders who implement Islamic ethical values (Siddiq, Amanah, etc.) are able to motivate employees to care more about the environment.

Discussion

This study aims to examine the role of Green Human Resource Management (GHRM) and Islamic Ethical Leadership in encouraging environmental citizenship behavior (OCBE) among Islamic bank employees. Statistical results indicate that both independent variables have a significant positive influence on OCBE, with a model predictive power of 58.2%. This finding provides new empirical insight that environmental sustainability in Islamic banking is not solely driven by macroeconomic policies but is highly dependent on human resource management and leadership quality.

1. The Influence of Green HRM on OCBE: A Structural Approach and AMO Theory

The findings of this study confirm Hypothesis 1 (\$H_1\$), which states that GHRM practices have a significant influence on OCBE. This result aligns with AMO Theory (Ability, Motivation, Opportunity), which states that employee performance is a function of ability, motivation, and opportunity.

In the context of this study, GHRM practices, such as green training, play a role in improving employees' ability (competence) to understand environmental issues. Trained employees are no longer confused about how to implement energy efficiency or waste reduction. Furthermore, green performance appraisals provide extrinsic motivation, where employees realize that their green behavior is valued by the organization. Finally, a work culture supported by GHRM creates opportunities for employees to take initiative.

These findings support the study by Dumont et al. (2017), which states that when organizations embed green values into formal HR systems, they send a strong signal to employees that sustainability is a strategic priority, not just a slogan. Consequently, employees reciprocate the organization's support with voluntary behavior (OCBE) that goes beyond their formal job descriptions.

2. The Influence of Islamic Ethical Leadership on OCBE: The Role of Morals and the Concept of the Caliph

The findings of this study also support Hypothesis 2 (\$H_2\$), which proves that Islamic Ethical Leadership plays a crucial role in shaping OCBE. This is an interesting finding because it suggests that environmental behavior in Islamic banks is strongly influenced by the role model of leaders. Based on Social Learning Theory, employees tend to imitate the behavior of their leaders. Leaders who internalize the qualities of Siddiq (honesty), Amanah (trustworthiness), Tabligh (communicativeness), and Fathonah (intelligence) in an environmental context can serve as effective role models.

Furthermore, this discussion highlights the spiritual aspect. In Islam, protecting the environment is a manifestation of humankind's role as Khalifah fil ard (God's representative on earth) and the principle of Hifz al-Bi'ah (protecting the environment). Islamically ethical leaders view energy efficiency not only as a means of saving operational costs, but also as a form of worship and prevention of wasteful behavior prohibited by religion. When leaders successfully transfer these spiritual values, employees' motivation to engage in OCBE shifts from transactional to intrinsic-spiritual motivation. Employees protect the environment not out of fear of punishment, but rather out of moral and religious awareness.

3. Integration of GHRM and Islamic Leadership: Synergy of System and Spirit

The main novelty of this discussion lies in the synergy between GHRM and Islamic Ethical Leadership. This research argues that to create a truly "green" organization, Islamic banks require two pillars: the "System" and the "Soul."

- a) GHRM functions as the "System" (The Hardware): Providing procedures, rules, training, and incentives that technically enable green behaviors.
- b) Islamic Ethical Leadership functions as the "Soul" (The Software): Providing meaning, moral purpose, and role models that inspire employees.

Without GHRM, employees may have good intentions (due to leadership) but lack the knowledge to implement them (lack of competence). Conversely, without Islamic Ethical Leadership, GHRM will simply be a rigid bureaucratic procedure devoid of "spirit." The combination of the two creates a conducive work environment for the growth of OCBE, which ultimately supports the reputation of Islamic banks as institutions that are not only profit-oriented but also planet-oriented in accordance with the principle of *Rahmatan lil 'Alamin*.

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