

# Corporate Environmental Strategy and Voluntary Workplace Green Behaviour: The Mediating Role of Psychological Green Climate with Special Reference to State and Private Banks in Batticaloa District

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## Abstract

Corporate environmental strategy (CES) can significantly influence employees' voluntary workplace green behaviour (VWGB) by creating a psychological green climate (PGC) that supports and encourages sustainable business practices. This study aims to investigate the relationship between CES and VWGB through the mediating role of PGC in selected state and private banks in the Batticaloa district of Sri Lanka. Structured questionnaires were used to collect data from 267 employees by using a stratified random sampling method. The data were analyzed by using descriptive statistics, correlation, regression, and mediation analyses. According to the findings, CES enhances both employees' PGC and VWGB. In this study, PGC plays a partially mediating role in the relationship between CES and VWGB. The findings of this study hold significant implications for enhancing employees' VWGB by fostering a PGC within the banking sector. By implementing a robust CES, banks can effectively cultivate a workplace culture that encourages employees to engage in sustainable business practices voluntarily. The findings of this study will provide valuable insights for top management and employees, and guide them in fostering a sustainable workplace culture.

**Key Words:** Corporate Environmental Strategy, Psychological Green Climate, Voluntary Workplace Green Behaviour

## Introduction

Environmental issues are currently considered as global problems with complex sources and effects. These global problems have far-reaching impacts on societies, companies, groups, and individuals. Such complex and far-reaching environmental issues cannot be managed without changes in social and economic systems, which make sustainable development an important aim of society. Consequently, sustainable development and environmental issues have gained increased attention within organizations; many organizations have adopted some form of programmes to contribute to sustainable development and manage their relationships with nature (Martensson and Westerberg, 2014). Thus, protecting the ecological environment and fighting for environmental sustainability is a new mission of organizations also (Zhang, Ul-Durar, Akhtar, Zhang, and Lu, 2021).

In the context of the Sri Lankan banking sector, the adoption of corporate environmental strategies has gained significance because generally, it integrates environmental issues into the strategic planning of a business organization and, specifically, into the improvement of products and services and business processes that reduce the negative impact on the environment (Banerjee, 2001; Andrés, Salinas, and Vallejo, 2009; Vinojini, and Arulrajah, 2017). In the 21<sup>st</sup> century, many corporate organizations have considered employees' efforts in environmental protection and environmental compatibility to be a vital duty for their organizations (Norton, Parker, Zacher, and Ashkanasy, 2015). Employees are the primary stakeholders and execution agents of the organizations; hence, effective engagement and active participation are important for organizational greening (Biswas, Dey, Bhattacharjee, and Uddin, 2021; Arulrajah, Opatha and Nawaratne, 2015; Opatha and Kottawatta, 2020). However, ensuring that employees willingly embrace and voluntarily participate in these initiatives can be challenging.

Voluntary employee actions that contribute to the environmental sustainability of the organizations are not under the control of any formal environmental management policies or systems (Kim, Kim, Han, Jaksan, and Ployhart, 2017). And also, Ramus and Steger (2000), have proposed that articulating or publishing an environmental strategy is a critical driver that encourages employees to engage in environmental activities. Hence, corporate environmental strategy strengthens the voluntary green behaviour of an organization's employees through resource use and reuse, energy conservation, and waste reduction (Wijethilake, 2017).

The psychological green climate brings about employees a shared perspective that reflects the workplace concerns regarding ecological wellbeing (Chatelain, Hille, Sander, Patel, Hahnel, and Brosch, 2018). Perception among employees is positively impacted by a psychological green climate. This reinforces the employee's environmentally conscious behaviour (Norton, Zacher, Parker, and Ashkanasy, 2017). This definition highlights the subjective nature of psychological green climate and the importance of individual perceptions in shaping the voluntary workplace green behaviour of employees. Hence, this study aims to investigate the corporate environmental strategy and voluntary workplace green behaviour through the mediating role of psychological green climate.

## Research Objectives

In considering the above findings, opinions, and statements, the following research objectives were established in this study.

1. To identify the status of corporate environmental strategy, voluntary workplace green behaviour, and psychological green climate of selected banks in Batticaloa district.
2. To identify the relationships between: (i) corporate environmental strategy and voluntary workplace green behaviour, (ii) corporate environmental strategy and psychological green climate, and (iii) psychological green climate and voluntary workplace green behaviour of selected banks in Batticaloa district.
3. To explore the mediating role of psychological green climate in the relationship between corporate environmental strategy and voluntary workplace green behaviour of selected banks in the Batticaloa district.

The paper is divided into six sections. The second section deals with literature review and hypotheses development, while the third section explains the research method, and the fourth section presents the results and discussion. The final section provides conclusions and limitations of the study.

## Literature Review

### Corporate Environmental Strategy

Corporate environmental strategy is a top level approach that integrates environmental and sustainable business concerns into an organization's strategic planning process (Das, Biswas, Abdul Kader Jilani, and Aftab Uddin, 2019). There are market and non-market issues when developing a corporate environmental strategy. Utilizing environmental concerns to give the business a competitive edge through cost reduction and higher revenue is known as a market strategy. Conversely, non-market strategy is focused on interacting with stakeholders, such as environmental interest organizations, local communities, and regulators. These tactics focus on enhancing entire value creation rather than just market performance and image (Maxwell, Rothenberg, Briscoe, and Marcus, 1997).

According to Sharma (2000), Corporate environmental strategies are steps that businesses take both voluntarily to further lessen the environmental impacts on their operations and as a means of complying with regulations. Correa and Sharma (2003) pointed out that corporate environmental strategies are those used by businesses to manage the interaction between their operations and the environment, while environmental regulations are those that set laws governing how operations affect the environment. Further, Epstein and Roy (2007) presented the different facets of a corporate environmental strategy, including creating standards focused on environmental programs, utilizing environmental evaluation standards, selecting which environmental certification to obtain, establishing environmental goals for buildings, and allocating required resources for implementing the chosen programs.

### **Psychological Green Climate**

Ramus and Steger (2000) provide two perspectives on how employees perceive the relationship between the organization and environment, or psychological green climate, such as: employees are knowledgeable regarding the existence of the environmental strategy or policy, and employees are aware of the organization's commitment to the policy or strategy. Psychological green climate is predicated on the idea of a green climate in organizations and psychological climate at the human level, and it is defined as individual green perception and understanding of an organization's policies and practices intended to meet long-term, sustainable goals (Norton, Zacher, Parker, and Ashkanasy, 2017). Similarly, the psychological green climate of employees, which consists of green work climate cognizance of the organization and green work climate interpretation of colleagues (Norton, Zacher, and Ashkanasy, 2014). Similarly, as an extension of the organizational climate, the psychological green climate was established. A psychological green climate is the climate of organizations that provide ecologically responsible, sustainable management practices (Chou, 2014).

Hence, the psychological green climate relates to how employees view and understand the organization's guidelines, policies, and corporate greenization initiatives, and employees' normal behaviour and actions will be motivated to achieve the firm's sustainable aims when they have comparable perceptions about the corporate environmental strategy, environmental targets, and green organizational climate (Zhou, Zhang, and Lyu, 2018).

### **Voluntary Workplace Green Behaviour**

Nowadays, each and every organization is in need of making all its employees green (Opatha, 2015). Without the support and contribution of employees, organizations cannot become sustainable and eco-friendly organizations (Opatha, 2013; Opatha and Arulrajah, 2014; Arulrajah, Opatha, and Nawaratne, 2016; Opatha, 2019; Weerakoon, Sellar, and Arulrajah, 2021). According to Norton, Parker, Zacher and Ashkanasy (2015), employees' workplace green behaviour is categorized into required and voluntary green behaviour. Required green behaviour is defined as the extent to which employees accomplish required tasks in ways that conserve resources and protect the environment, such as adopting green crafts, and selecting eco-friendly alternatives. These required green behaviours reflect the processes of accomplishing in-role tasks which support environmental protection.

Voluntary workplace green behaviour is defined as employees' pro-environmental behaviours that are discretionary and go beyond the domain of in-role tasks, such as cutting off electricity when leaving the office and recycling reusable resources in the workplace.

It can also be viewed as an extra-role activity, where workers take the initiative to act in ways outside of their official job duties to promote sustainability in the workplace (Pellegrini, Rizzi, and Frey, 2018). Organizations are tackling their green initiatives through the adoption and implementation of green policies and practices. While green behaviours are acts that promote environmental sustainability, green organizational practices are

what management and experts refer to as activities that enhance environmental sustainability (Nasir, Canh, and Lan Lee, 2021).

In addition to having a good impact on an organization's ecological performance, stimulating voluntary workplace green behaviour has the ultimate benefit of concurrently improving economic performance (Tian and Robertson, 2019). The ultimate purpose of green human resource management (Green HRM) is also to create, enhance and retain greening within each employee of the organization (Opatha, 2013; Opatha and Arulrajah, 2014; Opatha, 2024). Hence, green HRM can definitely ensure voluntary workplace green behaviour of employees in an organization.

### **Corporate Environmental Strategy and Voluntary Workplace Green Behaviour**

An organization's ability to successfully introduce and implement a corporate environmental strategy is primarily dependent on the personal beliefs and behaviour of its employees (Chou, 2014). Employers can promote environmentally conscious behaviour among their employees by enacting and implementing certain policies and strategies. The organization's environmental strategy is a major indicator of green behaviour among employees (Norton, Zacher, and Ashkanasy, 2014). Corporate environmental strategy raises employee engagement towards the organization, encourages voluntary workplace green behaviour, and boosts environmental protection and performance (Joong Kim, Gon Kim, Choi, and Phetvaroon, 2019).

The theory of social learning also demonstrates how important it is for an organization to develop a corporate environmental strategy because it gives its employees a sense of pride in their organization's environmental conservation efforts. Thus, in turn, it inspires employees to commit to their organizations and to engage in voluntary workplace green behaviour which leads to the successful environmental performance of organizations (Joong Kim, Gon Kim, Choi, and Phetvaroon, 2019). Formulating and practicing better corporate environmental policy and strategy facilitate the employees to perform and sustain voluntary workplace green behaviour at the individual level within the organizations (Sabbir and Taufique, 2020).

The corporate environmental strategy and self-reported-task related and voluntary workplace green behaviour are positively correlated (Dahiya, 2020). Similarly, the idea that the presence of a corporate environmental strategy directly encourages employees to engage in voluntary workplace green behaviour is advanced by goal setting theory (Dumont, Shen, and Deng, 2017). Hence, the first hypothesis for this study is formulated as follows:

*H<sub>1</sub>: There is a positive relationship between corporate environmental strategy and voluntary workplace green behaviour.*

### **Corporate Environmental Strategy and Psychological Green Climate**

This study asserts that views of corporate environmental strategies, which are regulated by sustainable behavioural norms at work, have an impact on perceptions of the green work environment (Dahiya, 2020). Hence, the developed and disseminated corporate environmental strategies are seen as a powerful indicator of top-level organizational

support, which has a favorable impact on the psychological green climate of employees and encourages their participation in enhancing the environmental performance of the business (Ramus and Steger, 2000). Corporate environmental strategy exhibits direct and indirect predictive power for psychological green climate, and furthermore, corporate environmental strategy in big or small organizations may also encourage employees to believe in the psychological safety of going green (Biswas, Dey, Bhattacharjee, and Uddin, 2021). Therefore, corporate environmental strategy is positively related to psychological green climate (Norton, Zacher, Parker, and Ashkanasy, 2017). Similarly, the corporate environmental strategy helps to improve employees' perceptions and interpretations of organization's greenization. Thus, the improvement of employees' psychological climate towards corporate greenization is done by perceived organizational support as a result of the creation of corporate environmental strategy (Paille, Boiral, and Chen, 2013; Zhou, Zhang, and Lyu, 2018). Thus, the second hypothesis for this study is:

*H<sub>2</sub>: There is a positive relationship between corporate environmental strategy and psychological green climate.*

### **Psychological Green Climate and Voluntary Workplace Green Behaviour**

The psychological green climate literature suggests that employee behaviour is mostly impacted by perceptions that employees have about the organization (Schneider, Ehrhart, and Macey, 2013). The psychological climate is one of the key determinants of human actions (Rousseau, 1985). Zhang, Ul-Durar, Akhtar, Zhang, and Lu (2021) argued that the psychological green climate encourages employee voluntary workplace green behaviour. When there is a psychological green climate workers are more motivated to participate in voluntary green initiatives in the workplace because they believe organizations will support and value these efforts. Psychological green climate has also been linked to higher employee voluntary workplace green behaviour (Norton, Zacher, Parker, and Ashkanasy, 2017). Moreover, the psychological green climate significantly affected the employees' green organizational behaviour and sub-dimensions (Iklim, Davranis, and Isgorenler, 2023). The psychological green climate significantly affects task-related environmental behaviour and voluntary environmental behaviour at the individual level (Dumont, Shen, and Deng, 2017). Subsequently, Chen, Jiang, Li, and Gao (2021), reported that voluntary workplace green behaviour is stimulated by both green psychological climate and harmonious environmental passion. Based on the empirical evidence and discussion, in this study the third hypothesis was developed:

*H<sub>3</sub>: There is a positive relationship between psychological green climate and voluntary workplace green behaviour.*

### **Psychological Green Climate as a mediator in the relationship between Corporate Environmental Strategy and Voluntary Workplace Green Behaviour**

According to Biswas, Dey, Bhattacharjee and Uddin (2021), it was demonstrated that corporate environmental strategy significantly contributes to shaping employees' voluntary environmental behaviour through the indirect effect of psychological green climate. Similarly, Das, Biswas, Abdul Kader Jilani and Aftab Uddin (2019), demonstrated that the psychological green climate which in turn encourages voluntary workplace green behaviours such as conserving energy, cutting waste, and recycling resources. All these

are the outcomes of precise formulation of corporate environmental strategies to cultivate a pro-environmentalist in the workplace. According to the research findings of Norton, Zacher, and Ashkanasy, (2014), psychological green climate perception is proved as a mediator in the relationship between organizational sustainability policy and two types of employee green behaviours (task-related and proactive employee green behaviours). They found that there were positive relationships between the perceived presence of an organisational sustainability policy and task-related and proactive employee green behaviours, and confirmed that these relationships were fully mediated by psychological green climate perceptions of the employees.

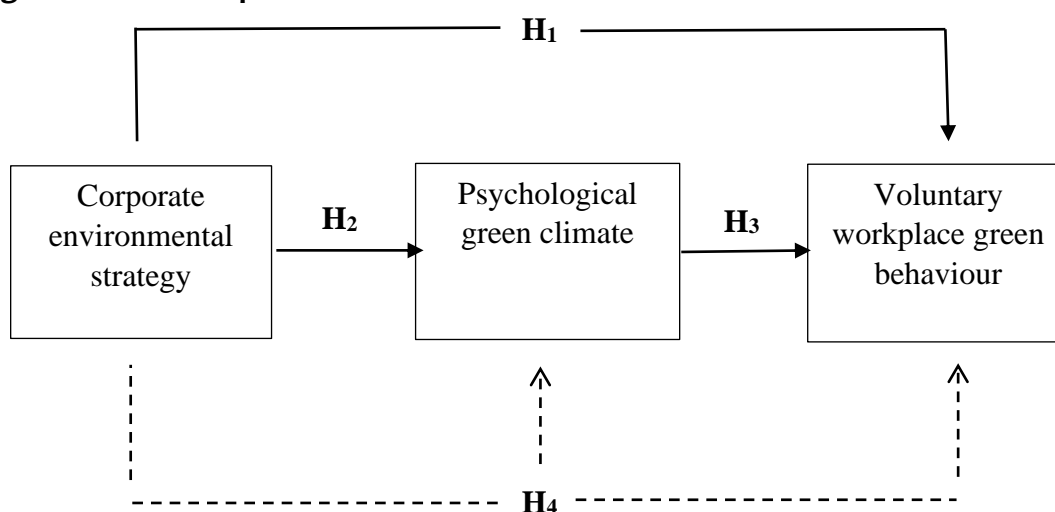
Previous studies in the fields of environmental psychology and management psychology have also shown that psychological green climate plays a significant role in the workplace and its perceived presence or absence influences employees' voluntary environmental behaviour (Dumont, Shen, and Deng, 2017; Zhou, Zhang, and Lyu, 2018).

Thus, it is empirically evident that corporate environmental strategy influences psychological green climate (Zhou, Zhang, and Lyu, 2018), which in consequence results in voluntary environmental behaviour (Norton, Zacher, and Ashkanasy, 2014). Additionally, employees' voluntary environmental behaviour is influenced by corporate environmental strategy both directly and indirectly (Dumont, Shen, and Deng, 2017). It is possible to summarize this by saying that psychological green climate acts as a mediator between corporate environmental strategy and voluntary workplace green behaviour. Based on the empirical evidence and discussion, the fourth hypothesis is:

*H<sub>4</sub>: Psychological green climate mediates the relationship between corporate environmental strategy and voluntary workplace green behaviour.*

Based on the literature review and developed hypotheses, it was possible to develop the relationships among the variables. As a continuation of this process, the conceptual model of the present was constructed in Figure 1.

**Figure 1. The Conceptual Framework**



*Source: Developed by the Researchers based on Literature Review*

### Research Method

The research philosophy of this study is positivism as it was carried out in accordance with social reality and the data have also been collected in a free manner based on the collection of quantitative data. A deductive approach was used to explain the causal relationship between the variables, to develop and test the hypotheses, and to collect quantitative data where the concepts of this study have been operationalized in such a way as to allow the facts to be measured quantitatively. As this study is a quantitative study using questionnaires to collect the data from the sample and using a deductive approach, the survey strategy has been selected and used as an appropriate research strategy for the study.

The total population of the study is 525 employees working in five selected state and private banks in Batticaloa District. Meanwhile, the population of the study consists of a limited number of employees in selected banks; in order to validate the research and achieve the research objectives, the stratified random sampling technique was employed to represent different levels of people of selected state and private banks. The unit of analysis was the individual, i.e., the employee of the five selected banks. The details about the study population and sample size are given in Table 1.

**Table 1. Study Population and Sample Size**

| No.          | Banks            | Selected Branches   | Population | Sample     |
|--------------|------------------|---|------------|------------|
| 01.          | State Bank - 1   | Batticaloa<br>Kallady<br>EUSL<br>Vavunathivu<br>Mamangam<br>Kiran         | 155        | 66         |
| 02.          | State Bank - 2   | Batticaloa<br>Arasady<br>Vavunathivu<br>EUSL<br>Arayampathy<br>Chenkalady | 180        | 87         |
| 03.          | Private Bank - 1 | Batticaloa<br>Kathankudy<br>Eravur<br>Valaichenai                         | 75         | 47         |
| 04.          | Private Bank - 2 | Batticaloa<br>Kathankudy<br>Eravur  | 60         | 32         |
| 05.          | Private Bank - 3 | Batticaloa<br>Valaichenai<br>Kathankudy<br>Chenkalady                     | 55         | 35         |
| <b>Total</b> |                  |   | <b>525</b> | <b>267</b> |



The primary data was collected through a closed structured questionnaire from 267 respondents. In addition, various other sources such as published journal articles, and websites of the relevant institutions were used to collect secondary data. According to the research objectives of the study, and the characteristics of gathered data through the questionnaire, the quantitative analysis was facilitated by using Statistical Package for the Social Science (SPSS) 22.0 version. In this study, the data collected from the questionnaires were analyzed using Univariate, Bivariate, and Multivariate analysis techniques.

### Measures

All the variables were measured with a five-point Likert scale ranging from 1= strongly disagree to 5 = strongly agree. The question items of the measures were adopted from various authors. The question items of the measure for corporate environmental strategy were from Ramus and Steger (2000). The question items of the measures for psychological green climate and voluntary workplace green behaviour were adopted from Norton, Zacher, and Ashkanasy (2014) and, from Kim, Kim, Han, Jaksan, and Ployhart (2017) respectively. Table 2 shows the question items used in this study and Cronbach Alpha ( $\alpha$ ) for each measurement. All Cronbach's Alpha values were above 0.7.

**Table 2. Measurement**

| Variable   | No. of Question Items | Question items   |
|--|-----------------------|--|
| Corporate Environmental Strategy (CES)<br>$\alpha = 0.915$ | 13                    | <ol style="list-style-type: none"> <li>1. My bank publishes an environmental policy.</li> <li>2. My bank has specific targets for environmental performance.</li> <li>3. My bank includes a business model for sustainable growth as part of its annual report.</li> <li>4. My bank uses an environmental management system.</li> <li>5. My bank applies environmental consideration to purchasing decisions.</li> <li>6. My bank provides employee environmental training.</li> <li>7. My bank makes employees responsible for company environmental performance.</li> <li>8. My bank uses life cycle analysis.</li> <li>9. My bank has management which understands or addresses issues of sustainable development.</li> <li>10. My bank systematically reduces energy consumption.</li> <li>11. My bank systematically reduces wastage.</li> <li>12. My bank systematically reduces consumption of unsustainable products.</li> <li>13. My bank applies the same environmental standards anywhere.</li> </ol> |
| Psychological green climate (PGC)<br>$\alpha = 0.912$      | 09                    | <ol style="list-style-type: none"> <li>1. Our bank is concerned about its environmental benefits.</li> <li>2. Our bank is interested in supporting environmental issues.</li> <li>3. Our bank believes it is important to protect the environment.</li> <li>4. Our bank is concerned with becoming more environmentally friendly.</li> </ol>   |

|   |    |   |
|---|----|---|
|   |    | <ol style="list-style-type: none"> <li>5. Our bank would like to be seen as environmentally friendly.</li> <li>6. In our bank, employees pay attention to environmental issues.</li> <li>7. In our bank, employees are concerned about acting in an environmentally friendly way.</li> <li>8. In our bank, employees try to minimize harm to the environment.</li> <li>9. In our bank, employees care about the environment.</li> </ol>   |
| <p>Voluntary workplace green behaviour (VWGB)<br/><math>\alpha = 0.896</math></p> | 06 | <ol style="list-style-type: none"> <li>1. I avoid unnecessary printing to save papers.</li> <li>2. I use personal cups instead of disposable cups.</li> <li>3. I use stairs instead of elevators when going from floor to floor in the building (I use energy efficient / saving practices).</li> <li>4. I reuse papers to take notes in the bank.</li> <li>5. I recycle reusable things in the workplace.</li> <li>6. I sort recyclable materials into their appropriate bins when other group members do not recycle them.</li> </ol> |

### Results and Discussion

This study aimed to enhance our understanding of the relationship between corporate environmental strategy and voluntary workplace green behaviour. The findings of both the present study and the support of the previous studies extend our understanding about the mechanism through which corporate environmental strategy influences voluntary workplace green behaviour. These findings lead to a number of theoretical and practical implications.

Table 3 shows the profile of the respondents of the study. Accordingly, out of 267 respondents, 18.0% of respondents are less than 25 years, 71.9% are between 25 to 40 years, and 10.1% are more than 40 years old, and among 267 respondents, 44.6% of males and 55.4% of females contributed to this study. Further, the same Table indicates the educational qualifications of the respondents which have been categorized into six levels. It shows that 27.0% of respondents have GCE A/L, 6.4% have an IABF, 11.6% have a DABF, 42.7% have Bachelor's Degree, and 12.4% have a Postgraduate Degree.

Additionally, concerning the job positions, 9.0% of respondents are managers, 9.7% are assistant managers, 20.2% are executive officers, 23.2% are junior executive officers, 24.0% are staff assistants, 1.1% are office assistants, 0.7% are multi duty assistants and 12.0% of the respondents are other job positions. Besides, nearly 22.1% of respondents have below three years of experience, 22.8% have 3 to 5 years of experience, 28.1% have 6 to 8 years of experience and 27.0% have more than 8 years of working experience.

**Table 3. Profile of the Respondents**

| Demographic Factor             | Classification            | No. of Respondents | Percentage (%) |
|--------------------------------|---------------------------|--------------------|----------------|
| <b>Banks</b>                   | Bank - 1                  | 66                 | 24.7%          |
|                                | Bank - 2                  | 87                 | 32.6%          |
|                                | Bank - 3                  | 47                 | 17.6%          |
|                                | Bank - 4                  | 32                 | 12.0%          |
|                                | Bank - 5                  | 35                 | 13.1%          |
|                                | <b>Total</b>              | <b>267</b>         | <b>100.0%</b>  |
| <b>Gender</b>                  | Male                      | 119                | 44.6%          |
|                                | Female                    | 148                | 55.4%          |
|                                | <b>Total</b>              | <b>267</b>         | <b>100.0%</b>  |
| <b>Age</b>                     | Less than 25 years        | 48                 | 18.0%          |
|                                | 25 - 40 years             | 192                | 71.9%          |
|                                | More than 40 years        | 27                 | 10.1%          |
|                                | <b>Total</b>              | <b>267</b>         | <b>100.0%</b>  |
| <b>Experience (In Years)</b>   | < 3                       | 59                 | 22.1%          |
|                                | 3 - 5                     | 61                 | 22.8%          |
|                                | 6 - 8                     | 75                 | 28.1%          |
|                                | > 8                       | 72                 | 27.0%          |
|                                | <b>Total</b>              | <b>267</b>         | <b>100.0%</b>  |
| <b>Education Qualification</b> | Ordinary Level            | 00                 | 0%             |
|                                | Advanced Level            | 72                 | 27.0%          |
|                                | IABF                      | 17                 | 6.4%           |
|                                | DABF                      | 31                 | 11.6%          |
|                                | Bachelor's Degree         | 114                | 42.7%          |
|                                | Postgraduate              | 33                 | 12.4%          |
|                                | <b>Total</b>              | <b>267</b>         | <b>100.0%</b>  |
| <b>Job Position</b>            | Manager                   | 24                 | 9.0%           |
|                                | Assistant Manager         | 26                 | 9.7%           |
|                                | Executive Officers        | 54                 | 20.2%          |
|                                | Junior Executive Officers | 62                 | 23.2%          |
|                                | Staff Assistant           | 64                 | 24.0%          |
|                                | Office Assistant          | 3                  | 1.1%           |
|                                | Multi Duty Assistant      | 2                  | 0.7%           |
|                                | Other                     | 32                 | 12.0%          |
|                                | <b>Total</b>              | <b>267</b>         | <b>100.0%</b>  |

**Descriptive Statistics and Correlation Analysis**

In order to achieve the first objective of the study, Univariate analysis has been utilized and the second objective was achieved with Bivariate analysis. Table 4 shows the descriptive statistics and Table 5 shows the correlations between the variables tested in this study.

**Table 4. Univariate Analysis-Descriptive Statistics**

| Variable                                   | Mean | Standard Deviation | Level     |
|--|------|--------------------|-----------|
| Corporate Environmental Strategy (CES)     | 4.16 | 0.431              | High      |
| Psychological Green Climate (PGC)          | 4.22 | 0.459              | Very High |
| Voluntary Workplace Green Behaviour (VWGB) | 4.27 | 0.522              | Very High |

(Note: Mean value range:  $1 \leq X \leq 1.80$ : Very Low,  $1.80 < X \leq 2.60$ : Low,  $2.60 < X \leq 3.40$ : Moderate,  $3.40 < X \leq 4.20$ : High, and  $4.20 < X \leq 5.00$ : Very High: Source: Masri and Jaaron, 2017)

According to Table 4, the mean values of psychological green climate and voluntary workplace green behaviour fall between the ranges of 4.20 to 5.00 indicating that they are at a very high level and the mean value of corporate environmental strategy falls between the range of 3.40 to 4.20 indicating that it is at a high level.

**Table 5. Correlation Analysis**

| Variable |                     | PGC   | VWGB  | Variable |                     | VWGB  |
|----------|---------------------|-------|-------|----------|---------------------|-------|
| CES      | Pearson Correlation | 0.637 | 0.503 | PGC      | Pearson Correlation | 0.539 |
|          | Sig. Value          | 0.000 | 0.000 |          | Sig. Value          | 0.000 |

The bivariate analysis was used to investigate the relationships among the independent, dependent and mediating variables in order to achieve the second objective of this study. Further, formulated hypotheses of this study were also tested using the correlational analysis. Pearson correlation coefficient indicates the direction, strength, and significance of the bivariate relationship among all the variables that were measured on an interval scale. According to Gogtay and Thatte (2017), the correlation coefficient value ( $r$ ) ranges from 0.10 to 0.29 which is considered weak, from 0.30 to 0.49 which is considered medium and from 0.50 to 1.0 which is considered strong.

The results revealed that there is a strong positive and significant relationship between corporate environmental strategy and psychological green climate as the correlation coefficient is 0.637 which is significant at a 1% level showing a strong positive relationship between the independent variable and the mediating variable. The correlation coefficient value between psychological green climate and voluntary workplace green behaviour is 0.539 which is significant at 1% level showing a strong positive relationship between the mediating variable and the dependent variable. Finally, the correlation coefficient between corporate environmental strategy and voluntary workplace green behaviour is 0.503 and it is also significant at 1% level. This implies that there is a strong positive relationship between independent and dependent variables. These results are consistent with previous research which shows that corporate environmental strategy influences employees' voluntary green behaviour through environmentally responsible leadership, promoting a psychological green climate (Naz, Jamshed, Nisar, and Nasir, 2021; Faraz, Ahmed, and Xiong, 2023).

### Mediation Analysis

In order to achieve the third objective, the mediation process of Baron and Kenny (1986) with four steps was adopted. Table 6 shows the summary results of the four-step mediational process model of this study.

**Table 6. Mediation Analysis based on Simple and Multiple Regression Analyses**

| Step | Independent Variable             | Dependent Variable                  | R <sup>2</sup> | B     | Sig.  | F-statistic |
|------|----------------------------------|-------------------------------------|----------------|-------|-------|-------------|
| 1    | Corporate environmental strategy | Voluntary Workplace Green Behaviour | 0.253          | 0.608 | 0.000 | 89.627      |
| 2    | Corporate environmental strategy | Psychological green climate         | 0.406          | 0.678 | 0.000 | 181.169     |
| 3    | Psychological green climate      | Voluntary Workplace Green Behaviour | 0.291          | 0.613 | 0.000 | 108.778     |
| 4    | Corporate environmental strategy | Voluntary Workplace Green Behaviour | 0.334          | 0.324 | 0.000 | 66.070      |
|      | Psychological green climate      |                                     |                | 0.419 | 0.000 |             |

According to Table 6, step 1 shows that 25.3% of the variation in the voluntary workplace green behaviour is explained by the corporate environmental strategy and the B coefficient for corporate environmental strategy is 0.608 at a 5% significance level, which means if the corporate environmental strategy increased by one-unit voluntary workplace green behaviour would be induced by 0.608 units. Hence, step one concludes that a corporate environmental strategy significantly and positively predicts voluntary workplace green behaviour.

Step 2 indicates that 40.6% of the variation in psychological green climate is explained by corporate environmental strategy. Further, the B coefficient for corporate environmental strategy is 0.678, which means when the corporate environmental strategy increases by one-unit psychological green climate will be improved by 0.678 units. Thus, step two concludes that the corporate environmental strategy significantly and positively impacts psychological green climate.

Step 3 depicts that 29.1% of the variation in the voluntary workplace green behaviour is explained by psychological green climate and when the psychological green climate increases by one-unit voluntary workplace green behaviour will be improved by 0.613 units. Thus, step three concludes that psychological green climate significantly and positively impacts voluntary workplace green behaviour.

In this study, the finding indicates (step 4) that 33.4% of the variation in voluntary workplace green behaviour is explained by corporate environmental strategy and psychological green climate. Also, according to Table 6, the B coefficient for corporate

environmental strategy is 0.324, which means when the corporate environmental strategy gets increased by one-unit, voluntary workplace green behaviour will get improved by 0.324 units. Further, the B coefficient for psychological green climate is 0.419, which means when the psychological green climate increases by one unit, the voluntary workplace green behaviour will be induced by 0.419 units. Thus, step four concludes that the corporate environmental strategy and psychological green climate significantly and positively impact voluntary workplace green behaviour.

Finally, the results demonstrate the form of mediation, as the effect of corporate environmental strategy remains significant when psychological green climate controls the relationship and the mediating effect is said to be statistically significant. This study specifically examined the mediating effect of psychological green climate in the relationship between corporate environmental strategy and voluntary workplace green behaviour and found that psychological green climate partially mediates the relationship between corporate environmental strategy and voluntary workplace green behaviour. These results are in agreement with studies conducted by Das, Biswas, Abdul Kader Jilani, and Uddin, (2019) and Biswas, Dey, Bhattacharjee, and Uddin (2021) in Bangladesh.

## **Conclusion and Limitations**

### **Conclusion**

Based on the results of the descriptive analysis and according to the decision rule, the mean value of study variables indicates that bank employees perceive a very high level of psychological green climate, and voluntary workplace green behaviour, and high level of corporate environmental strategy. To find out the relationship between study variables, the Pearson correlation technique was applied. According to the correlation analysis, the study suggests that there are strong positive significant relationships among corporate environmental strategy, voluntary workplace green behaviour, and psychological green climate. It was found that psychological green climate acts as a key mediator. The results of the mediation analysis reveal that the psychological green climate partially mediates the relationship between corporate environmental strategy and voluntary workplace green behaviour. This highlights the mediating role of psychological climate that promotes environmental consciousness in the workplace.

### **Limitations**

The study may suffer from a limited sample size because only a small number of selected banks or employees within the Batticaloa district were surveyed. This could limit the generalizability of the findings to a broader population of banking sector employees or to other geographical regions. Another limitation of this study is the quantitative approach. In the study, employees were required to choose responses from the given options. It restricted the employees from giving more explanations. Otherwise, if qualitative research approaches such as interviews and observation had been used, more explanation regarding employee's voluntary workplace green behaviour could have been obtained. A cross-sectional study design is characterized by its inability to establish causality or determine the temporal sequence of events as it captures data at a single point in time. Consequently, it may not adequately account for changes over time or account for potential confounding variables that could influence the relationship between corporate environmental strategies and voluntary workplace green behaviour.

There could be various external factors or variables that influence employees' voluntary workplace green behaviour such as personal values, socioeconomic status, and external environmental factors. Controlling these variables in the study design may be challenging, which could limit the ability to attribute changes in employee's voluntary workplace green behaviour solely to corporate environmental strategy.

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