

# Human Resource Audit as a Tool for Ensuring Green Human Resource Management in the Leather Goods and Footwear Industry in Bangladesh

Mafruha Hossain<sup>1</sup>  
Shaikh Mujahid<sup>2</sup>

## Abstract

The present era necessitates sustainable organizational practices to ensure a pollution-free, conducive working environment, making it an inevitable issue. Green Human Resource Management (GHRM) is a way to perform HR activities sustainably. HR audits can play a critical role in implementing the GHRM practices in the organization by reviewing the quality of all green HR activities. The study demonstrates the importance of HR audits and its association with Green HRM in Bangladesh's leather goods and footwear industry. To conduct this study, primary data were used by conducting a questionnaire survey of 200 employees working under the different leather companies' HR departments and analyzing the data through the Structural Equation Model (SEM) by SmartPLS 4.00 version. Results suggest that there is a significant impact of HR audits on Green HRM practices within the organization. The study provides valuable insights for academia, HR practitioners, and policymakers on adopting green practices in a scrutinized way.

**Keywords:** *Green HRM, HR Audit, RBV Theory, Leather Goods Industry, Environmental Sustainability.*

## 1. Introduction

Environmental sustainability is a must-do approach in the recent age as the pollution in the atmosphere soaring all over the world and there is constant pressure for companies from the stakeholders to transform their activities into environment-friendly approaches (Coelho et al., 2024). A progressive development in ensuring environmental sustainability is expected by the key stakeholders from government offices to general customers (Rubel et al., 2023). Thus, an eco-friendly economy through business activities might assist in solving

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<sup>1</sup> Assistant Professor, Department of Management, Bangladesh University of Business and Technology (BUBT), email: mafruha\_h@yahoo.com

<sup>2</sup> Senior Manager, Human Resources, Clarke Energy Bangladesh Limited, email: mujahid17s@gmail.com

the current environmental challenges and can create sustainable economic growth. Sarfraz et al. (2023) opined that organizations should initiate social and environmental growth through sustainable operations and social accountability apart from only competitive advancement. In the present time, “Green industry” concept is required to be known and adopted by every industry. The term "green industry" derives from the notion of "green economy," a sustainable pathway endorsed by organizations such as the World Bank and the United Nations Environment Program (UNEP) (Barbier, 2012).

A green industry prioritizes industrial production without compromising the natural environment and human health (Hall and Dickson, 2011). This type of industry seeks to integrate environmental and social factors with financial considerations (Reza et al., 2017).

The leather sector in Bangladesh has substantial environmental obstacles associated with the discharge of hazardous waste, heightening the need for industry leaders to tackle pollution problems by implementing efficient waste management practices (Islam et al., 2024; Paul et al., 2013)

Leather goods and footwear companies’ environmental concerns should catch close attention as this industry pollutes the environment in numerous ways. Apart from various initiatives to mitigate this pollution, concentration on Human Resources should be given. To attain and ensure environmental sustainability and create green industry, organizations should practice proper utilization of HR policies (Pham et al., 2020; Paillé et al., 2014). HR activities need to be entitled to the execution of ecological balance and environment-friendly practices (Kapil, 2015). As a part of environmental concern and contribution towards the development of natural resources, Green Human Resource Management (GHRM) can be employed. GHRM promotes the appropriate use of resources within the organization and encourages adopting environmentally sustainable practices (Sabokro et al., 2021). This green practice has been identified as a source to raise the sense of motivation and devotion among employees, increase organizational performance, create sustainability (Marrucci et al., 2021), and ensure competitive advantage (Dluhopolskyi et al., 2023; Sroufe et al., 2010). To ensure the sustainable use of HR, continuous monitoring is required. Human Resource (HR) audits can perform this monitoring role. HR audit is a systematic assessment of designing jobs, selection process, evaluating training and development programs, performance appraisal, administering compensation, participatory management, safety, and health issues (Zarandi et al., 2024; Prasad and Babu, 2017). Other than financial auditing, HR Audit is an investigative instrument to appraise human resources compliance. HR Audit is crucial for the

organization to avoid regulatory obligations that may be exerted from the organizational HR policies (Vasantham, 2021). HR Audit on GHRM practices is an inclusive valuation of the company's present HR activities conforming to the compliance and regulations and identifying the critical areas for improvement. It enables the company to establish the best practices and discover opportunities for improvement (Zarandi et al., 2024). Yadav and Dabhade (2014) argue that effective audit includes the standard measures and application of policies about the environment which is the striking factor for businesses to run ecological operations and generate green strategies (Mehta and Chugan, 2015). This study attempts to find out the impacts of HR Audit on Green HRM practices in the leather goods and footwear industry of Bangladesh.

## **2. Problem Statement**

Environmental pollution leads to substantial environmental disasters and detrimental results are taking charge of the depletion of the ozone layer, ocean adulteration, global warming, etc. (Sun et al., 2022; An et al., 2021). According to the Environmental Performance Index (EPI), South Asia, India, Bangladesh, and Pakistan are rated poor in terms of managing environmental systems (EPI, 2020). The report also indicated that those countries' air is dreadful. These are 10 of the nations that are worst affected by air pollution (IQAIR, 2019). Unplanned industrialization, expansion of business around the world, continued economic growth, etc. are the main reasons for the arising of the depletion of natural resources. Since climate alteration can hinder economic progression, global economies will not continue if resource consumption continues at this current pace (Li and Wu, 2023). Bangladesh is one of South Asia's most densely inhabited and growing nations, having undergone significant economic expansion over the past two decades (Zahan et al., 2024). While the Readymade Garment (RMG) sector is the predominant exporter in Bangladesh, the leather industry significantly contributes to exports, employment, economic growth, and the overall welfare of the Bangladeshi population (Arbeid, 2017). The detrimental ecological effects of the leather industry have increased attention and concern from environmental organizations and the public, resulting in decreased demand for leather items from Bangladesh (Tanvir et al., 2022). To sustain industrial operations, it is essential to rapidly implement environmentally sustainable practices and technologies in leather manufacturing (Islam et al. 2024). Green HRM can lead this industry to be environmentally sustainable but needs to be monitored closely to make everyone accountable, which is one of the main concerns of HR audits. HR audit previously was not practiced considerably to augment the HR department (Maijoor and Vanstraelen, 2012), but in the present time, companies consider that HR audit is a better means to evaluate the

performance of Human Resource function, and required to improve the system (Muhammad and Naj, 2023; Zakirova et al., 2019). The results of the audit are required to recognize the strengths and weaknesses of HR and progress the present situation (Ishrat and Habib, 2012). It intends to ensure effective Human Resources through the enhancement of competitive advantages (Sharma, 2013). Bakhshizadeh and Sasanian (2014) argued that HR audits help to attain organizational objectives. The absence of an HR audit can have a harmful effect on making the necessary reforms, developing the activities of the organization, and inspecting to ensure health and safety in the organization (Ukil, 2015). Hence, the implementation of the GHRM approach in the leather goods and footwear industry is required to be evaluated to ensure environmental sustainability in a scrutinized way. However, the auditing of human resources and its correlation with organizational advancement and success, as well as the internal cohesion of functional strategies within human resources and their vertical alignment with macro-level organizational strategies, are critical matters to study (Zarandi et al., 2024).

### **3. Rationale of the Study**

Bangladesh has recently positioned itself as a developing country within the Asian area (Ahmed et al., 2023), with commercial sectors serving as the primary drivers of this progress (Rahaman et al., 2023). Apart from the RMG industry, Bangladeshi leather is internationally acclaimed for its superior quality (Mollik, 2022). The growth rates up to March 2024 for leather and related products in the medium, small, and micro-manufacturing sectors and the large industry sector are estimated at 5.55% and 3.46% for FY 2023-24 (BBS, 2024). However, this industry in Bangladesh is facing hurdles due to environmental degradation (Islam et al., 2024). The significant environmental difficulties have increased the industry's burden (Nomani et al., 2022). GHRM can be treated as a proactive initiative for organizations to minimize environmental problems (Ren et al., 2018). These green practices can assist an organization by improving the retention rate of employees, sustainable use of resources, heightened public acceptance, and enhancement in attracting better employees, upgrading productivity, and lessening practices that cause environmental deprivation (Pham et al., 2020). As employees are the backbone of the organization, encouraging them to be green can contribute to ensuring better organization and social profitability (Shreevamshi et al. 2022). To make this green HRM effective a continuous monitoring system is required. For which HR audit can play a key role. The audit helps to measure the result of HR activities and can suggest a pathway for necessary change. As the environment is changing rapidly, it's

essential to stay updated and HR audit can aid the organization in this aspect (Daft, 2016). The environmental audit is primarily concentrated on technical matters and legal adherence, typically conducted by external specialists. However, several enterprises have begun to teach, train, and occupy their internal auditors to perform ecological audits of company services, as a part of the standard annual operational audit (Ljubisavljević et al., 2017). The Leather goods industry needs to be more cautious in terms of accepting and implementing HR audits on the aspect of environment management phenomenon. Thus, the study elucidates the considerations involved in deciding on the implementation of HR audits within the organization and reveals the ramifications of establishing successful Green HRM practices.

#### **4. Objective**

The objective of this study is to determine the impact of Human Resource Audit on Green Human Resource Management practices in the leather goods and footwear industry of Bangladesh.

#### **5. Literature Review**

##### **5.1 HR Audit**

Novelty in the work setting is crucial for any organization (Tajeddini et al., 2020), and HR audits facilitate the enhancement of human resource policies, practices, and procedures aimed at achieving organizational effectiveness (Muhammad and Naz, 2023). Competitive advantage can be attained by acquiring and maintaining effective human resources (Muhammad and Shamsi, 2019). An HR audit entails a method utilized to evaluate HR strategies, policies, and systems to enhance the effectiveness of human resource management (Pandita and Mahato, 2016). Numerous studies have also proposed HR audits for the modernization of Human Resource services (Amarakoon et al., 2018). Historically, the majority of organizations have not used HR audit techniques to enhance the effectiveness of their HR departments (Maijoor and Vanstraelen, 2012). Currently, organizations assert that it is more effective to utilize tools for analyzing the enactment of HR functions, systems, and tools for enhancement (Zakirova et al., 2019). HR Audit tool helps to make a detailed assessment of the current human resources for developing a model of the human resource department's strategy (Samman, 2017). Audit personnel management is required to deal with legal issues and to comply with employment laws (Bieliaieva, 2019). HR Audit attempts to identify whether the practices of the HR department are adequate, effective, and legal (Vasantham, 2021). HR and line managers do not impact the success of HR Audits in the organization (Kotamena et al., 2022). It assesses the HR department's adherence to regulatory requirements for

employment, compensation, safety and health, and dispute resolution, while enhancing oversight and regulation of all internal organizational functions (Adaikalasamy, 2017). To mitigate legal complications and ensure compliance with workforce and occupational regulations, it is essential to conduct an audit in the realm of people management (Bieliaieva, 2019). HR Audit must be upgraded yearly, semiannually, or at least every two to three years (Sharma & Goyal, 2013).

### ***5.2 Green HRM***

Human resource management techniques serve as an organizational mechanism that enhances environmental sustainability (Jin et al., 2022; Shafaei et al., 2020; Zhu et al., 2023). GHRM is an emerging research domain, and its influence on academic and corporate practices is constantly evolving (Yong et al., 2019). With the increasing momentum of the green movement, scholars tend to concentrate more on GHRM (Shahzad et al., 2020). Green Human Resource Management (GHRM) is responsible for the recruitment, development, and promotion of a workforce that is environmentally aware, values sustainability, and actively supports green activities and goals (Faeni, 2024). Opatha and Arulrajah (2014) describe Green HRM as it is the functional part of HRM done by converting regular humans into green humans to attain environmental objectives and to ensure sustainability. As an increasing number of organizations recognize the significance of incorporating sustainability into their company strategy, corporate executives are promptly prioritizing the issue of sustainability (Faeni, 2024). Customer education, employees, water conservation, energy efficiency, and waste minimization constitute the environmental measures, prominently observed in office settings (Rubel et al., 2023). Green HRM practice facilitates an organization through the improvement in the retention of employees, enhanced goodwill, appealing better employees, progress in output, appropriate use of resources, lessening of practices of environmental deprivation, proper consumption of utility, an exemption in tax, and amplified business prospects (Bangwal and Tiwari, 2015). However, GHRM involves developing, following, and prolonging the system, creating the employees' becoming sensible in their personal and professional life span (Aggarwal and Sharma, 2015).

### ***5.3 HR Audit and Green HRM***

HR is an effervescent strength for organizations since they are the primary factor that unswervingly facilitates the attainment of organizational objectives (Sunarto, 2020). Audits of the HR selection process in organizations seek to verify the existence of clearly defined selection procedures and adherence to legal and

regulatory requirements, which is critical for the selection procedure. Audits must confirm that the institution conforms to all relevant requirements to avert probable forthcoming legal complications (Supardi, 2022). Staff training and development audits seek to verify that these processes align with employee requirements and enhance their proficiency and performance in attaining organizational objectives (Supardi, 2022). Adherence to statutory requirements is essential for the effective operation of training and development programs, ensuring they remain compliant with applicable laws. Audits of performance appraisals seek to verify the establishment of a systematic performance appraisal procedure (Supardi, 2022). Conducting a systematic HR audit can beneficially impact employees, as they perceive that their organization is proactively enhancing their working conditions, which will improve the work environment and boost employee morale (Bieliaieva, 2019). Nevertheless, individuals encounter novel work restrictions and must acquire new abilities to endure in a rapidly changing environment due to globalization (Friedman, 1999). It is evident that organizations with a strong environmental orientation embedded in their social framework are more likely to experience increased employee engagement in environmentally sound initiatives (Al-Swidi et al., 2021). Environmental concerns, sustainable human resource practices, ecological understanding, green company culture, and environmentally conscious leadership are essential variables influencing employee eco-friendly behavior in the leather industry in Bangladesh (Rahaman et al., 2023). Every organization has man power for ensuring growth and sustainability and HR audits check their effectiveness in the organization (Bukhari, 2021). Yadav and Dabhade (2014) specified that HR auditing progressed in the latest times and has become an essential decision-oriented tool regarding human resource development. By conducting an HR audit, the size of the HR deficiencies can be abolished or reduced, can easily be extended to the legal compliances, make ensure that there is conformance with the certified standards. Edelman and Suchman (1997) show both legal and organizational actors collaborate in elaborating single, endogenous management that includes (and surpasses) both sectors. Ethics and inclusive attitudes to ethical management, and compliance programs, becoming the backbone of company culture needed to boost employees' morale activity (Roberts, 2009) and HR auditing is an elementary tool for the administration of green practices within an organization.

#### **5.4 Research Gap**

HR audit and Green Human Resource Management are both emerging and gaining prominence in managing people within the organization in recent time. However, very few attempts have been undertaken so far to construct a

relationship between the HR audit and the Green HRM, particularly in Bangladesh's leather goods and footwear industry. Alam and Alam (2010) conducted a study on HR audit concentrating on the RMG sector of Bangladesh. Ukil, (2015) revealed that the purpose of an HR audit should be to assess an organization's future needs while taking into account the opinions, sentiments, and facts of all stakeholders in Bangladesh. Research on GHRM research was carried out in a variety of other industries by researchers in Bangladesh, including banking (Hossain et al., 2018; Mozumdar & Hasan, 2019; Rahman, 2020; Rubel et al., 2021, and Sharmin et al., 2022), RMG sectors (Cheng et al., 2023; Islam et al., 2021; Rubel et al., 2021 and Rubel and Rimi, 2024), textile industry (Islam et al., 2021 and Karmaker et al., 2021), tannery sector (Moktadir et al., 2020). However, conducting a more comprehensive investigation and empirical examination is necessary, especially in growing economies and developing countries like Bangladesh. Moktadir et al. (2018) contended that the leather sector in Bangladesh possesses a detrimental environmental and social reputation due to substantial waste generation and material consumption, where it is necessary to follow the environmental code and conduct. Conforming to the compliance and environmental regulations is required to avail of international certification in this industry (Rahman, 2022). Therefore, it is evident that controlling green practices through a scrutinized approach is necessary, and an HR audit could be a solution in this regard. Hence, this study attempts to ascertain to find out the association between HR audit & Green HRM in leather goods and footwear industry in Bangladesh.

## **6. Hypothesis Development**

### ***6.1 HR Audit and Green HRM***

Human Resources is a critical resource for firms since they are the key factor that directly enables the achievement of corporate objectives (Sunarto, 2020). Human Resources is not merely a workforce doing operational tasks; it is also fundamental to an organization's capacity to acclimate, invent, and progress in a dynamic setting (Parinsi and Musa, 2023). Organizations possessing excellent, talented, and dedicated workforces have a substantial competitive edge in attaining efficacy, efficiency, and intended benefits (Setiawan, 2016). Firms can thoroughly assess the efficacy of human resources (HR) practices through audits on HR. Systematically performing an HR audit can positively affect employees, as they recognize that their company is actively taking steps to improve their working conditions and such adjustments will enhance the work environment and elevate employee morale (Bieliaieva, 2019). It is evident that environmental experts are pivotal in the pursuit of sustainability (Ferreira et al. 2006). RBV



theory proposes how a company initiates environmental sustainability which can be attained through Green HRM (Malik et al., 2020). Embracing green initiatives can be a critical resource that augments the competitive advantages and sustainability that Resource Based View (RBV) suggests (Jamil et al., 2023). RBV posits that an organization's different capabilities and resources such as intellectual property, valuable assets, knowledge, etc. can attain long-term success. Auditing the adopted green initiatives and practices can be an inimitable resource that can enhance the organizational sustainability and competitiveness that RBV supports. The Resource-Based View (RBV) hypothesis asserts that internal organizational attributes, such as Human Resources (HR), drive organizational development. Yusoff et al. (2020) conducted a study utilizing the Resource-Based View (RBV) framework, wherein they discerned that Green Human Resource Management (GHRM) practices, such as green recruiting, green training, green evaluation, and green benefits, are associated with environmental management. Khan et al. (2017) accompanied a study on the Garment industry of Bangladesh and opined that the least spoken element that are responsible for the variation in HR practices is compliance with auditing policies. An HR audit on GHRM practices is a comprehensive assessment of the company's current HR activities in relation to compliance and regulations, aimed at identifying key environmental areas to develop. To conduct and ensure these green activities HR audit can play a critical role. Thus, it is required to ascertain the relationship between HR audit and Green HRM in the leather Goods and Footwear Industry in Bangladesh. Hence, the hypothesis is -

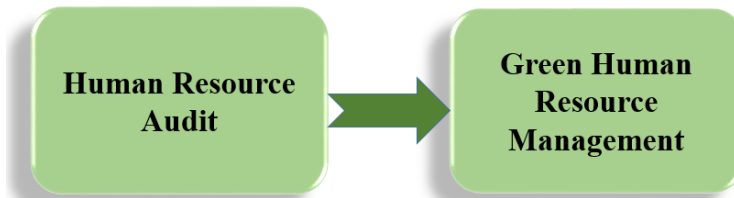
*H1: There is a positive relationship between HR Audit and Green HRM.*

## **7. Theoretical Background and Conceptual Framework**

Resource-Based View (RBV) theory is the underpinned theory of this study. RBV deals with internal properties by which the synergy can be formed by efficiently managing the company's resources and helping to gain a competitive advantage (Ghosh and Mukherjee, 2006; Raduan et al., 2009).

HR audit involves diagnosing, analyzing, evaluating, and determining future strategies within the realm of human resource management; multiple approaches for human resource audits exist, each offering distinct assurances and serving various goals (Roy et al., 2020). These audits evaluate both the operational efficiency of HR departments and the influence of HR initiatives on the overall corporate arena (Cohen and Sayag, 2010), particularly in the resource-constrained environments (Dobrescu et al., 2021). The alignment of HR strategy

with sustainability objectives, encompassing the enhancement of human capital, employee well-being, and corporate social responsibility, is comprehended by HR audits (Sukalova and Stofkova, 2022; Kusumaningrum et al., 2022). As the HR audit serves as a mechanism for evaluating the efficacy of human resource strategies (Devara and Siriseti, 2022), evaluating the Green HR Practices by HR audit can bring much connotation. Adopting green initiatives can serve as an essential resource that enhances the competitive advantages and sustainability proposed by the Resource-Based View (Jamil et al., 2023). The Resource-Based View (RBV) asserts that an organization's diverse capabilities and resources, including intellectual property, valuable assets, and expertise, may achieve sustained success, and the assurance of proper use of these assets can be ensured by HR audit. Thus HR audit may have an impact on Green HRM that Figure 1 depicts.



**Figure 1:** Conceptual Framework

## **8. Methodology**

### ***8.1 Research Type***

This is a descriptive type of research. This study was conducted through a questionnaire survey. This type of study aims to identify and delineate the characteristics of the pertinent factors in specific circumstances (Hailu, 2014).

### ***8.2 The Time Reference***

This research was directed as a study of cross-sectional. The study proceeds at a single point in time. This method of time referencing is employed to collect data at a single instance, is cost-effective, and encompasses a broad target population; it yields inferential, descriptive, and explanatory information, among other insights (Kothari, 2008).

### ***8.3 Types of Data Collection***

Quantitative data was used in this study by conducting a questionnaire survey. This kind of data is always considered structured data.

### ***8.4 Measurement Scale***

Direct physically by visiting the respondent's office, and a questionnaire survey was conducted. The questionnaire was prepared with close-ended questions by following a five-point Likert scale from strongly disagree to strongly agree. Pragmatic research validates a high validity and reliability in the Likert-type scale (Westbrook and Oliver 1991). To measure HR audit, five scales are adopted from Muhammad and Shamsi (2019). They developed scales in their study in four distinct dimensions of HR audit and this study concentrates only on the HR functional audit's scale because of the relevance to this study. As this study focuses on the identification of the impacts of HR audit on Green HRM practices, the emphasis is given to the HR functional attributes. Whereas, Green HRM was measured by the 5 items which were developed by Kim et al., (2019).

### ***8.5 Population***

A target population is a combination of people who own the information that the researchers are looking forward to collecting, summarizing, and producing results (Birks and Grimley, 2007).

In Bangladesh, the whole leather industry is classified into three categories: processed leather, leather footwear, and leather goods. This study concentrates on the leather goods and footwear industry in Bangladesh. This industry produces footwear as well as different leather items including belts, handbags, clothing, and tiny leather goods like tablet and phone covers, key rings, and portfolios etc. (Arbeid, 2017). Hence, the population of this study is all the employees of under the HR department of different leather goods and footwear industries which are listed under the association of LFMEAB of Bangladesh.

### ***8.6 Sampling Units***

This study's sampling unit is the individual employee working under the HR department.

### ***8.7 Sampling Technique***

Non-probability judgmental sampling method was used in conducting this study. This is a sampling method in which population elements are deliberately chosen based on the researcher's judgment (Narsh, 2007).

### 8.8 Sample Size

The sample is a representative part of the population. 200 samples are determined by using the following formula (Cochran, 1977), when the population size is unknown:

$$n = \frac{z^2 pq}{e^2}, \text{ Where,}$$

n = Size of the sample, z = the value of standard variate at a given confidence level and to be worked out from table showing area under normal curve, p = Sample proportion, q = 1-p, e = acceptable error, z = 1.96 at 5%, p=0.5, so q = 0.5.

Here the sample size is,

$$n = \frac{z^2 pq}{e^2}, n = \frac{z^2 pq}{e^2}, n = \frac{(1.96)^2 * 0.5 * 0.5}{0.069^2}, n = 201.68$$

For substantial populations with uncertain variability, the necessary sample sizes for precision levels of 5%, 7%, and 10% must be at least 400, 204, and 100, respectively. This study obtained a sample of about 200 with a precision level of 7%. On the other hand, Roscoe (1975) recommended that for behavioral studies sample size less than 500 but more than 30 is suitable; while more than 500 may create Type II error (Sekaran and Bougie, 2016). So, here the sample size is 200 employees.

Before begin to collect data, a comprehensive ethical framework was meticulously integrated into the process. Informed consent, a fundamental principle of ethical research, was carefully acquired from each participant which shows the robustness of the study.

### 8.9 Data Analysis

Data analysis was conducted using Microsoft Excel and Partial Least Squares Structural Equation Modeling (PLS-SEM). PLS-SEM, employed as the theoretical model in this context, is robust and intricate, provides a higher-order construct, possesses elevated statistical power, integrates advanced methodologies, and executes complex bootstrapping procedures (Hair et al., 2022).

## 9. Analysis

### 9.1 Descriptive Statistics

The result of the descriptive analysis shows that among the 200 respondents, 105 were male and 95 numbers of respondents were female. Most of them, 82% have completed bachelor's degree and master's degree. The majority of the respondents are 35 years and less than that. The maximum number of respondents have more than 2 years of experience.

### 9.2 Reliability and Validity

The validity of the model was assessed using measures of convergent validity and discriminant validity. The convergent validity was analyzed by assessing the average variance extracted (AVE) and composite reliability (CR). The values of AVE and CR must exceed 0.50 and 0.70, respectively (Table 1). The results validate the convergent validity, since all values of Average Variance Extracted (AVE) and Composite Reliability (CR) exceed the needed threshold values.

**Table 1:** Construct Reliability and Validity

	<b>Cronbach's alpha</b>	<b>Composite reliability (rho_a)</b>	<b>Composite reliability (rho_c)</b>	<b>Average variance extracted (AVE)</b>
Green HRM	0.774	0.791	0.846	0.526
HR Audit	0.858	0.87	0.898	0.639

The Fornell and Larcker (1981) criterion was employed to assess the discriminant validity of the model. According to this criterion in Table 2, the diagonal values of constructs should be higher. The results confirm the model's discriminant validity.

**Table 2:** Fornell Larcker Criterion

	<b>Green HRM</b>	<b>HR Audit</b>
Green HRM	0.725	
HR Audit	0.619	0.799

Discriminant validity was measured for Green HRM and HR Audit. Heterotrait-Monotrait Ratio (HTMT) must be less than .85 according to the recommended guidelines (Hair et al., 2020). Results showed that the discriminant validity is achieved as the HTMT is 0.732.

### 9.3 Common Method Bias

Common method bias refers to the variance that is not due to the construct of interest, but rather to the measurement method employed. Podsakoff et al. (2003) propose two strategies to mitigate this type of variance: procedural design methodology and statistical quality and process management. In the procedural design phase, the measurement scale was evaluated to assure clarity in wording, minimize ambiguity, and provide uniform instructions for responses. For statistical control, this study occupied the PLS SEM criterion which is further suggested by Kock (2015). The criterion entails that the threshold value of VIF scores should be less than 3.3 which this study also suggests in Table 3.

The findings indicated that the data were robust to common method bias. Robustness pertains to the resilience of the statistical model, tests, and procedures in accordance with the specific statistical criteria (Sarstedt et al., 2020). The notions of HR audit and green HRM demonstrate strong convergent validity, with AVE value more than 0.5 (Table 1) which also shows the robustness of the study.

**Table 3:** Collinearity Statistics

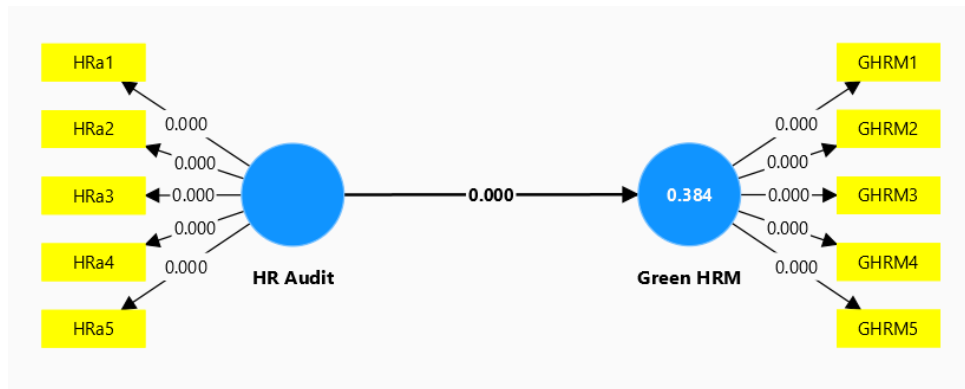
	<b>VIF</b>
GHRM1	1.601
GHRM2	1.772
GHRM3	2.005
GHRM4	1.505
GHRM5	1.499
HRa1	3.19
HRa2	1.744
HRa3	1.711
HRa4	2.048
HRa5	1.865

### 9.4 Structural Equation Modeling

The results (Table 4) show that HR Audit positively and significantly impacts Green HRM ( $\beta=0.619$ ,  $t=14.075$ ,  $p<0.05$ ) which indicates there is an association between the independent and dependent variables. As the P value is less than 0.05 that indicates that the alternative hypothesis which is, ‘There is a positive relationship between HR audit and Green HRM’ can be accepted.

**Table 4:** Total effects- Beta Value, Mean, Standard Deviation, t values, p values

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	t statistics ( O/STDEV )	p values
HR Audit -> Green HRM	0.619	0.628	0.044	14.075	0



**Figure 2:** PLS Model

From the PLS Model Figure-2, it is identified that the R square value is 0.384. That indicates that HR Audit accounted for 38.4% variability in the practices of Green HRM,  $R^2 = 0.384$  and adjusted  $R^2 = 0.381$ . In social scientific research, an R-squared of 0.10 to 0.50 is acceptable when some or most of the explanatory factors are statistically significant (Ozili, 2023).

Potential endogeneity difficulties can be identified by utilizing existing findings and theoretical frameworks (Hult et al., 2018). Most prior research included control constructs to mitigate endogeneity concerns (Niazi et al., 2023). No endogeneity concern was identified in the current research study.

### 10. Findings and Discussion

The result of the study shows that HR Audit positively and significantly impacts on Green HRM practices in the Leather Goods and Footwear industry in Bangladesh. Bieliaieva (2019) suggested that implementing an HR audit will have a positive influence on the employees. Audits of human resources (HR) are indispensable for verifying that HR policies and procedures adhere to relevant laws and regulations. During the audit process, organizations meticulously evaluate their established policies for HR management, encompassing recruiting, selection, training, development, and termination procedures (Supardi, 2022).

Chan (2018) noted that the deficiency of skilled labor constitutes a significant challenge leather industry. On the other hand, Islam et al. (2020) identified 'lack of knowledge and expertise' is the primary hurdle to the implementation of sustainable supply chain management (SSCM) in the leather industry in Bangladesh. The leather sector is deteriorating owing to noncompliance (Akhter et al., 2022). Environmental degradation is left to accumulate, and remediation or mitigation of any adverse consequences may become impractical in Bangladesh (Reza et al., 2017). Undoubtedly, this has emerged as a significant concern for the government, policymakers, and environmentalists about Bangladesh's economic growth (BELA, 2017). Therefore, the adoption and sustenance of environmentally sustainable methods are imperative. Compliance is necessary for obtaining international certification, including the Leather Working Group (LWG) accreditation and this authorization is crucial for market entry in the United States, Europe, and a number of prominent Asian nations (Rahman, 2022). The delay in the complete operationalization of the Central Effluent Treatment Plant (CETP) may further complicate the acquisition of an export registration certificate (ERC) for exporters and an import registration certificate (IRC), which will further delay the international standard certifications (Bangladesh Leather Industry Authority Proposed, 2021). The significance and function of environmental audits, along with the stipulations established in International Standard ISO 14001 are essential to follow (Ljubisavljević and Jovanović, 2017). LEED is the sole recognized entity by the Bangladesh Bank for formal certification of green industry in Bangladesh (Nabi et al., 2016). This certification is required to get recognition as a green firm. Businesses integrate environmental strategies into their operational framework to realize various advantages via effective eco-friendly management: minimizing ecological expenses and waste, augmenting employee enthusiasm and buyer contentment, and cultivating product quality (Gadenne et al., 2009). The current global demand for apparel, footwear, and accessories exceeds \$215 billion, however Bangladesh's exports amount to barely \$1.08 billion (Akhter et al., 2022). Consequently, this industry possesses significant potential to achieve a competitive advantage through the utilization of optimal efficiency by ensuring environmental concern. GHRM enhances the perception of organizational efforts to establish strategic interactions aimed at fostering a superior environment by motivating, assessing, selecting, administering, training, and advancing a new paradigm among human resources (Sharmin et al., 2022) to promote pro-environmental behavior and dispel misconceptions regarding green environment administration and its relationship with GHRM, which significantly impacts employee performance. HR audits ensure compliance of HR policies and



procedures with relevant laws and regulations, while also assisting organizations in mitigating legal risks associated with labor law violations (Supardi, 2022). The government should attempt to enable growth by using the scraps to create other value-added products. The company owner also has lots of responsibilities in ensuring environmental sustainability. Apart from all the initiatives, Green HRM can play an essential role in the name of sustainability. An HR audit can be conducted by asking and reviewing several questions relevant to the functions of HR. This audit required to trace inadequate personnel files is compulsory to deal with legal issues and to comply with employment laws (Bieliaieva, 2019). Conduction of HR audit on Green HRM, an organization can contribute towards ensuring environmental sustainability, conforming to environmental compliance, and dealing with other issues related to Human Resource function.

### **11. Managerial Contributions**

The academic and managerial contributions of this study are prominent for professionals as well as for organizations. This study has extended the current body of knowledge by examining the correlation between HR audit and Green HRM. This research has been addressed through the Resource-Based View (RBV). This idea posits that an organization can be perceived as an assemblage of human, physical, and organizational assets that are invaluable and irreplaceable, serving as the primary source of sustainable competitive advantage. Because of resource scarcity and escalating environmental challenges, manufacturing industries are increasingly focused on sustainable approaches. Consequently, by adopting green HRM, managers, practitioners, and policymakers can execute green human resource management practices to achieve sustainability. The result of this study suggests that the management in the leather goods and footwear industry should prioritize effective human resource audit strategies and mandate assessments of future demands while evaluating HR effectiveness within the organization. Since, an effective HR audit assesses the organizational capability and employee performance, identifies issues, and addresses them proactively (Bukhari, 2021; Vasantham, 2021), the health-related elements such as workplace cleanliness, access to safe drinking water, waste disposal contribute to enhancement through regular HR compliance audits (Rashid et al., 2022). Decision-makers in Bangladeshi enterprises are currently concentrating on restructuring organizational control systems (Ali et al., 2008; Khan and Khan, 2010), thus HR audit is the must-do approach to ensure environmental compliance. In the leather industry, it is required to have effective collaboration from factory proprietors, awareness among employees, recycling initiatives, engagement of specialized consultants, and most importantly consistent oversight by the audit department (Khan and Akand, 2024). Apart

from the leather goods companies, this study also brings vast connotations towards the authority of different govt. non-govt, regulators, and most importantly the society for which companies are functioning. Results will also assist this industry in implementing green initiatives and achieving sustainability to minimize energy waste, save water resources, and mitigate environmental challenges. Organizations can understand the rationality of using GHRM and to operationalize it properly, they will assent to HR audit.

## **12. Conclusion**

To ensure the Green HRM, HR audit can play a pivotal role by exhibiting the monitoring character. It enables the company to create the best practices and determine the chances for development. The study focuses on the conception of HR audits and the impacts of HR audits on practicing and ensuring Green HRM. Results show that there is an association between HR audit and GHRM in the leather goods and footwear industry in Bangladesh. As leather-oriented firms produce toxic outcomes that are very disadvantageous to the environment (Islam et al., 2024), thus they need to mitigate the adverse effects by adopting several measures. Green HRM may be one of the critical areas. Companies require to provide more focus and importance on employee consciousness regarding Green practices. It is evident that in Bangladesh, maximum number of organizations have the HR department and try to practice the HR functions properly. If close monitoring is being done by the internal auditor as well as by the external one, employees become more conscious of their stand towards green practices. Since, organizations have to give further attention to the environment as a part of social responsibility. The leather goods and footwear companies in Bangladesh must exercise caution and commitment in conducting frequent HR audits to ascertain the efficacy of Green HRM inside their organizations.

## **13. Limitations and Future Research Direction**

While the research offers numerous contributions to both practice and literature, shortcomings are apparent. This study concentrated on the leather goods and footwear industry in Bangladesh. Future studies may also be conducted on other manufacturing industries like RMG, Pharmaceuticals, and Chemical industry, and also on the service sector by considering different environmental factors. Future studies may employ multi-group analysis to compare outcomes across various industries within the manufacturing sector. Secondly, we employ HR audit as a singular variable; forthcoming research could explore the identification and application of the sub-dimensions of HR audit. The moderating role of organizational support and employee characteristics can also be evaluated.

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## Appendix- A: Questionnaire

Please give a tick (√) in response to your answer.	
<p><b>a. Age</b></p> <ul style="list-style-type: none"> <li><input type="radio"/> Below 25 years</li> <li><input type="radio"/> 25 to 34 years</li> <li><input type="radio"/> 35 to 44 years</li> <li><input type="radio"/> More than 44 years</li> </ul> <p><b>b. Gender</b></p> <ul style="list-style-type: none"> <li><input type="radio"/> Male</li> <li><input type="radio"/> Female</li> </ul>	<p><b>c. Academic Qualification</b></p> <ul style="list-style-type: none"> <li><input type="radio"/> Graduate</li> <li><input type="radio"/> Master</li> <li><input type="radio"/> Higher Degree</li> </ul> <p><b>d. Working Experience</b></p> <ul style="list-style-type: none"> <li><input type="radio"/> Less than 2 years</li> <li><input type="radio"/> 2 to 4 Years</li> <li><input type="radio"/> More than 4 years</li> </ul>

Please give your opinion by providing a tick (√) to the right-sided single alternative. SD=Strongly Disagree, D=Disagree, N=Neutral, A=Agree and SA=Strongly Agree							
	Sl.	Statements	SD	D	N	A	SA
<b>Practices of Human Resource Audit</b>	1.	In our organization, HR audits improve the effectiveness of learning and development programs for green practices.					
	2.	HR Audit improves the green performance management system in our organization.					
	3.	HR Audit plays a significant role in improving rewards and recognition programs in our organization.					
	4.	HR Audit helps managers to reduce costs in the organization through proper work allocation.					
	5.	Human resource audit positively and significantly					

		contributes to the improvement of employment services.					
<b>Practices of Green Human Resource Management</b>	<b>6.</b>	My organization prefers to recruit and select employees by following environment-friendly approach.					
	<b>7.</b>	My organization delivers sufficient training to promote environmental management aspects.					
	<b>8.</b>	My organization relates employees' eco-friendly behavior to rewards and compensation.					
	<b>9.</b>	Employees fully comprehend the extent of corporate environmental policy.					
	<b>10.</b>	My organization stimulates ethics for environmental issues.					

