Competitive Advantage as Mediating Between Green Behaviour and Performance in the Jordanian Banks Sector

Samer Al-Tarawneh\(^1\), Mohd. Suaimi Bin Shamsudin\(^2\), Monizaihasra Bt. Mohamed\(^3\), N Alia Fahada Binti W Ab Rahman\(^4\), Mohd Shaladdin Bin Muda\(^5\)

\(^1\)PhD. in Faculty of Business, Economics & Social Development, Universiti Malaysia Terengganu, Malaysia, email: Samertarawneh1988@gmail.com

\(^2\)Assistant Professor in Faculty of Business, Economics & Social Development, Universiti Malaysia Terengganu, Malaysia, email: mohdsuaimi.s@umt.edu.my

\(^3\)Assistant Professor in Faculty of Business, Economics & Social Development, Universiti Malaysia Terengganu, Malaysia, email: monizamohamed@umt.edu.my

\(^4\)Assistant Professor in Faculty of Business, Economics & Social Development, Universiti Malaysia Terengganu, Malaysia, email: n.alia@umt.edu.my

\(^5\)Professor in Faculty of Business, Economics & Social Development, Universiti Malaysia Terengganu, Malaysia, email: shaladdin@umt.edu.my

Abstract

The purpose of this study is to evaluate the extent to which the banks sector has adopted a green organizational identity and a green organizational climate, as well as how this has affected the performance and competitive advantage in this significant financial sector. The idea that guides the body of research on the link between green organizational identity, green organizational climate and performance postulates that a strategy that is specifically adapted to a firm’s internal and external environment is very likely to produce superior performance. The study also included a thorough evaluation of recent literature that was relevant to the quantitative results from looking at green behavior in the context of banks. The relationship between these variables was confirmed by earlier studies by looking at bank performance. The study improves comprehension of the bank performance and green behavior described in existing literature. Decision-makers can enhance their strategic plans by giving green practices that have an influence on the sustainability pillars more priority once they are aware of the implementation level. It is advised that HR managers increase their investments in green practices to fully benefit from
INTRODUCTION

Because of the swift changes in the corporate environment, firms are now confronting a similar difficulty on a global scale (Balzer, 2020; Jovanović, 2015). To survive in the competitive environment of today, organizations must increase their performance in order to achieve durable competitive advantages (Elkhaldi & Abdullah, 2022; Ghaith, 2020; Kang & Na, 2020; Mitroulis & Kitsios, 2017). Jordan's banking industry is one of the most significant financial sectors that consistently aims to give workers with a suitable working environment due to the fierce rivalry among banks for their unique human capabilities and competences toward the growth of local banks (Al-Fakeh, Padlee, Omar, & Salleh, 2020).

Green banking is a new trend that has gained notice in recent years. This topic is significant for a number of reasons. First, it is becoming more widely acknowledged that green banking does not operate "automatically," but rather calls for banking management to encourage employee performance. Second, different approaches took by banks to culture need to be taken into account more extensively. Third, we contend that different facets of the information environment can have an impact on green human resources.

According to Dahiya (2020), who reviewed the literature on the green organizational climate, employees' opinions about organizational behavioral norms pertaining to environmental sustainability can be influenced by their perceptions of the green organizational climate. Previous studies have demonstrated that employee attitudes and actions are influenced by the work environment (Berberoglu, 2018; Ghaith & Mutia, 2019). Particularly, a company with a pro-environment stance could create a variety of environmental protection procedures and rules that staff members must adhere to (Wang, 2019). Employees also believe they can follow company policies and engage in environmentally friendly conduct, which leads to a controlled level of motivation. Additionally, if workers see their coworkers acting sustainable at work, they will believe that this conduct is legitimate, replicate their colleagues’ actions, and perform sustainable themselves, resulting in autonomous motivational states. Additionally, the stronger the employees' controlled motivation and the drive to comply with organizational rules, the higher the employees' opinion of the organization's green work climate (Tian, Zhang, & Li, 2020). Employee Green behavior is increased as a result
of this. Employees, on the other hand, believe that their peers are environmentally conscious at work when they perceive the green work atmosphere of their colleagues as being higher. As a result, employees will be more autonomously motivated and more likely to engage in sustainable behavior, which will eventually lead to an increase in the amount of voluntary employee green behavior (W. Kim, Choi, McGinley, & Agmapisarn, 2020). By exploring the effects of green organization identity and green organization climate on job performance in the Jordanian banking sector, this paper adds to the body of research on green service behavior.

Several studies, including Hamdy (2018), Thaker, Khaliq, and Thaker (2016), and Abdolshah, Moghimi, and Khatibi (2018), have highlighted the importance of performance and competitiveness of the banking industry. Factors affecting efficiency and competitive edge in banking are lacking, but their position is uncertain. The fundamental motivation for performing this study is to discover the important elements on both performance and competitive advantage in Jordan's banking industry because none of the research did in Jordan focus on doing so, showing a dearth of analytical studies in this field.

Jordan's banking sector has been extremely dynamic, and banks have responded in a variety of ways (e.g., product and process innovation to improve services, user experience) to maintain a competitive advantage through reform. Due to an increase in business entrants, this sector has seen increased competition in recent years (Azar, Raina, & Schmalz, 2019). Jordan has 24 banks, but statistics show that only two of them, Arab Bank and the Housing Bank for Trade and Finance (HBTF), are market leaders (Central Bank of Jordan, 2018).

Figure 1: Domestic Share of Banks

In comparison to these two banks, the other 22 banks have lower assets and profit ratios. The infographic information of CBJ, Bloomberg, as depicted in Figure 1.5, ensures Arab Bank and HBTF's market dominance in the Jordanian banking sector based on three key
elements: Assets, Loans, and Deposits. Many banks, microfinance institutions, and other non-banks have entered the sector to provide financial services to unbanked and underbanked communities, particularly in rural areas (Ananzeh, 2016). According to Shihadeh et al. (2018), effective methodologies are required to achieve prevalent performance and sustainable competitive advantage. The strength of a company’s competitive advantage determines its ability to gain a competitive advantage. In light of globalization, Ghabayen, Mohamad, and Ahmad (2016) argued that Jordanian bank management has been under too much pressure to develop competitive strategies that allow them to carry out successful, profitable operations that have a positive effect on their profitability.

It is evident from the aforementioned research that none examined the connection between innovation, competitive advantage, and performance of commercial banks in Jordan. It is obvious that the studies mentioned above solely focused on the competitive tactics used by banks. By performing a study to ascertain the impact of innovation on competitive advantage commercial banks in Jordan and the relationship between these competitive advantage and performance, this research has filled the gap. Additionally, it examines whether competitive advantage can mediate between innovation and banking performance.

The absence of theories and information on how a green climate is developed and woven into the fabric of an organization presents a significant obstacle to achieving green change. In general, management systems are assumed to influence organizational climate (Flamholtz & Randle, 2014). On the other hand, we propose that an environmental-specific climate is influenced by environmental certifications; this hypothesis has not yet been tested (Ingeborg, Svein, & Leif, 2020).

While a general organizational climate is a global construct, the green climate relates more narrowly to the shared perceptions of environmental policies and practices within the organization (Norton et al., 2012; Kuenzi & Schminke, 2009; Norton et al., 2014; Rashidah et al., 2020). Although there is a large amount of research on organizational climate in general, few studies look at how workplace environments develop (Norton et al., 2015). Some recent studies indicate that green climates are associated with environmental behaviour (Norton et al., 2017; Khan et al., 2019; Tian et al., 2020; Al Dalaien, et al., 2020; Zientara & Zamojska, 2018). However, it is still unclear how a common green emphasis would manifest. To better understand how environmental behavior may be spread across a business, this research explores how companies integrate a green focus into their culture.
LITERATURE REVIEW

One of the most important constructs in this study was the organizational performance of Jordanian banks. Despite this, evaluating the banks' performance and their activities over time without also evaluating their performance in relation to those of their rivals in the same industry was subjective. According to the majority of management study researchers (Ghaith et al., 2021; Masa'deh, Shannak, Maqableh, & Tarhini, 2017; Rashidah et al., 2020; Mfinanga, 2018; Ragaisis, 2018), therefore, organizational performance was not only an important factor in empirical research while creating a company strategy, but it was also usually utilized as the study's final dependent variable.

Reviewing earlier research on organizational performance revealed similar issues with dimensionality, inconsistent measures, and lack of agreement on the concept's precise definition (Santos & Brito, 2012; Richard, Devinney, Yip, & Johnson, 2009). These issues all hindered the development of the concept's theory and understanding. The study by Winand, Scheerder, Vos, Thibaut, and Claessens (2014) which claimed there was a minimal agreement on the conceptual consistency of organizational performance since definitions of success varied depending on the organization, provided support for this. Different definitions of performance were needed because distinct sorts of organizations clearly had different missions and aims. Because of this, academics ought to look into and gauge organizational effectiveness in many ways. Consequently, our study included non-financial performance measures, which, in accordance with (Alshatnawi & Ghani, 2018; Ghaith et al., 2021; Masa'deh et al., 2017), are the best means of evaluating performance in Jordan and enable individual employees of the organizations to accurately assess the success of their business unit's performance.

The foundation of managing an organization's green organizational identity is effectively conveying to internal and external stakeholders the organization's management-related environmental issues (Onputtha & Siriwichai, 2021; Saran & Shokouhyar, 2021). It is necessary to take into account the organization's green organizational communications in order to gauge its greenness. Businesses should communicate with their internal and external stakeholders both directly and indirectly on environmental concerns, management and protection, according to suggestions made by Tourky, Kitchen, and Shaalan (2020), Balmer (2017), in order to improve stakeholder relationships and increase understanding of the distinctive identity of the organizational.

Additionally, Balmer (2017) suggested that one of many components of an organization's green identity can be a study of its business
environment. Maditati, Munim, Schramm, and Kummer (2018), as well as Chidchob and Pianthong (2020) argued that companies must tackle external factors affecting environmental challenges from industrial actors, internationalization, technology innovation, governmental matters, and society. Relevant research also emphasizes the significance of product and service quality as a key element of a green organizational identity because it illustrates how well customers' expectations and perceptions match up, maintaining customer satisfaction, experience, and loyalty through products and services that preserve, and protect the environment (Melewar & Wooldridge, 2001; Balmer & Stotvig, 1997; Grönroos, 1984).

On account of these factors, sustainable environmental performance poses a critical research problem lending itself to further investigation by academic scholars and practitioners (Henao, Sarache, & Gómez, 2019). Scholars have examined the effects of various organizational and managerial traits on the sustainability of the business environment in light of these factors. It is carried out to ascertain, for example, if organizational and employee level characteristics within an organization are important predictors of performance (Ameer & Khan, 2020).

Natural resource-based theory-based studies from the past show that an organizational climate that is focused on sustainability can significantly improve corporate environmental performance because it can be crucial in choosing and putting into practice strategic decisions that can significantly affect organizational performance (Liu et al., 2022).

The pro-environmental behavior of the leader encourages green advocacy in the work group, which in turn may improve the leader's attention on the environment, according to M.-S. Kim and Stepchenkova (2020) The authors discovered that the dynamic dynamics at work have amplifying effects, which put societal pressure on people to act in an environmentally friendly way. Additionally, the need for praise and recognition among employees, coming from both coworkers and managers, may be significant motivators (Brick, Sherman, & Kim, 2017). In fact, research reveals that supportive relationships among coworkers and the perception of support promote "eco-helping," or pro-environmental behavior, in business (Paillé, Valéau, & Renwick, 2020).

It is a complicated, unresolved topic when it comes to organizational performance and competitive strategy (Ghaith, 2020; Tavitiyaman, Qu, & Zhang, 2011). In their studies on the behavior of an industry, (Bain, 1956) and (Mason, 1939) provides a framework for the competitive strategies and organisation performance, where the profitability of a corporation is a function of the industrial structure. The key factors that determine an organization's performance in a
certain industry, not the organization itself (Barney, 1986). According to Johnson, Scholes, and Whittington (2009), a company's core capabilities are particularly strong and challenging to duplicate since they are correlated with how its value chain's linkages are managed. According to Drucker (1954) the only reliable indicator of organizational performance is whether or not a company survives. According to Porter (1985) a company can maximize success by either trying to be the lowest-cost producer or by differentiating. The theory underlying the body of research on the relationship between strategy and performance holds that a strategy that is specifically tailored to a firm's internal and external environment is very likely to provide greater performance (Kubickova & Smith, 2019; Parnell, Acikdilli, & Doyle, 2019; Salisu & Goni, 2019; Yang, Ishtiaq, & Anwar, 2018).

Research has explored the mediating function of competitive advantage with various variables such as the study by Rashidirad and Salimian (2020) who examined the relationship between different dynamics, competitive strategies and values sources of SMEs. The competitive advantage of their research mediates the interaction between complex capability and SMEs.

From the finance industry, a good mediator of financial networking and new business performance was shown to be a competitive advantage. The analysis also indicates that the mediating function of competitive advantage is contradictory. Mohsenzadeh and Ahmadian (2016), observed that the influence of marketing ability and export performance cannot be mediated by competitive strategies.

Additionally, according to Almada and Borges (2018), numerous studies have been conducted regarding green practices, which help businesses gain a competitive edge. These studies include those by Almada and Borges (2018), and Gharbi, Sobaih, Aliane, and Almubarak (2022); environmental capabilities (Singh, Chen, El-Kassar, and Del Giudice, 2019); environmental performance and green supply chains (Seman et al., 2019). Studies like find that having a green organizational climate is a crucial component in improving performance (Tuan, 2021). Additionally, it has been shown that organisational environment has a significant impact on both employee behavior and organizational performance outcomes (Xiao, Mao, Huang, & Qing, 2020). After outlining the rationale for adopting this variable and the problems in Jordan, the researchers came up with this model, which is illustrated in figure 1.
Competitive tactics aim to create a viable and competitive role for an organization against the factors deciding rivalry between the industries. Effective competitive tactics contribute to increased performance and a sustainable competitive advantage. There have been many inquiries into competitive practices in diverse markets, businesses, and nations. (Arasa & Gathinji 2014), conducted a study on the correlation between an organization's competitive strategy and performance: mobile communications companies' case. The study revealed that the rivalry in this sector is strong and that most firms are obligated to establish competitive strategy for improving their sustainability.

Kungu, Desta, and Ngui (2014), have carried out a report on the evaluation by commercial banks of the efficacy of competitive strategies: an Equity Bank scenario." Based on his research results, commercial banks apply various competitive tactics. These involve the availability of the lowest priced goods and facilities, product differentiation and consumer focus. Second, the analysis found that two origins of competitive forces are largely external and involve struggles for market share and consumer quality services. Tonui, Kibati, and Tanui (2020), published a review of local commercial banks' tactics to cope with the competitive climate. The findings have shown that competitive tactics have a significant effect on banking operations because they adapt to competitive conditions. The techniques used to do this often help banks thrive in a competitive climate.

The absence of theories and information on how a green climate is developed and woven into the fabric of an organization presents a significant obstacle to achieving green change. In general, management systems are regarded to influence the organizational climate Flamholtz and Randle (2014). In contrast, we propose that an environment-specific climate is influenced by environmental...
certifications; this hypothesis has not yet been tested (Ingeborg et al., 2020).

Research on workplace environmental behavior is still in its infancy (Jackson, Ones, & Dilchert, 2012). Our understanding of the methods used by leaders to create and build an environment for their organizations that encourages pro-environmental behavior is lacking (Norton, Parker, Zacher, & Ashkanasy, 2015). There are methodological gaps in the research, and many meta-analytic publications ask for longitudinal studies that look at change processes, multilevel studies that show how processes interact at various levels, and, lastly, qualitative investigations that look at fundamental mechanisms (Norton et al., 2015; Aguinis & Glavas, 2012; Schneider, Ehrhart, & Macey, 2013).

Organizations take action to address environmental problems and place a greater emphasis on enterprise environmental management as environmental legislation and customers' environmental awareness grow (Abunaila, 2022; Chang, Chen, Luan, & Chen, 2019). By influencing the organization's strategies and actions, organizational identity can finally have an impact on the behavior of the workforce (Gürlek & Tuna, 2018). The results of green innovation are favourably impacted by green organizational identity, according to research. By developing a common interpretation of environmental preservation inside the enterprise, green organizational identity may come to an agreement on how to address environmental issues. Employees with high green organizational identity are more likely to actively observe and consider environmental issues as well as understand how crucial environmental conservation is for businesses seeking Gross Cash Accruals. To achieve Gross Cash Accruals via resource conservation and environmental development, businesses may leverage green innovation as a special resource and competency, according to the natural resource-based approach (Gürlek & Tuna, 2018). Members are obligated to engage in exploitative innovation behaviors, such as expanding existing functions and enhancing existing products and technology, in order to meet the environmental protection needs of customers and enhance the green organizational identity. Members are also encouraged to engage in exploration innovation behaviors, such as developing new products or services or new technologies in order to meet potential customers in emerging markets (Al-Nimer, Ghaith, & Mutia, 2021; Chang et al., 2019). Because of this, the development of the members’ environmental awareness and the corporate environmental strategy is supportive of the organisation's green innovation and can ultimately aid the firm in achieving Gross Cash Accruals.
CONCLUSION

This study was conducted to learn more about the connection between performance and green organizational identity, climate, and climate, which is crucial in today’s ecologically concerned society. This study advanced a research paradigm that was focused on the influence of a green organizational identity and a green organizational climate on performance via competitive advantage. The suggested study makes three scholarly additions to the literature. First, in keeping with prior research that highlight the connection between the effectiveness of green human resources or green innovation and competitive advantage.

The study contribute to this body of knowledge by integrating additional variable such as competitive advantage, green organisational identity, and green organizational climate as mediators and response variables, respectively. Second, there was a gap in previous research that only vaguely suggested the significance of green corporate identity and climate for organizational performance. Studies did not account for competitive advantage. This study filled this gap by showing that corporate identity and a green organizational environment have a significant impact on competitive advantage. The third and last contribution of this study demonstrates how the green organizational identity and green organizational climate have distinct effects on the growth of the human resource department. As a result, businesses need to strengthen their green organizational identity and atmosphere in order to improve KPIs and model employees' performance for the environment. We suggest verifying the current study's ideas, which have been put forth in the banking industry, in other developed and developing countries in order to confirm the findings. This is due to the paucity of studies on the impact of green organizational environment and identity on sustainable performance in the service industry. To better understand how green corporate identity and a green organizational environment effect performance and competitive advantage in various circumstances, the proposed conceptual green framework should be employed. More cross-functional research is needed, according to recent studies. One example is looking at how green management systems relate to HR.

Bibliography


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179


