

MODERATING ROLE OF INCENTIVE PRACTICE IN THE BOND BETWEEN ENVIRONMENT MANAGEMENT AND NON- FINANCIAL PERFORMANCE: A STUDY OF INDIAN CORPORATE SECTOR

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ABSTRACT

This study intends to find the associations between Incentive Practice, Environment Management and Non-financial Performance in Indian Corporate Sector. Further, this research is dedicated to examine the moderating role of Incentive Practice in the connection between Environment Management and Non-financial Performance. The present study talks about 10 Indian companies with regard to sustainability. In order to achieve the purpose, a self-structured questionnaire was used for acquiring data from primary sources. By using exploratory research design, a search was executed to identify the appropriate indicators connected to Incentive Practice, Environment Management and Non-financial Performance. The research has been used Structural Equation Model as an instrument for analysis through Partial Least Square (PLS) using Smart PLS 3.0 in order to analyze the influence of Incentive Practice on Environment Management and Non-financial Performance. Results indicated that there is a significance bond amongst Environment Management and Non-financial Performance. Further, it is found that Incentive Practice act as strengthened the relationship between Environment Management and Non-financial Performance.

Keywords: Incentives, Environment Management, Sustainability, Moderation and Non-financial Performance.

INTRODUCTION

Today era is competitive in all around the enterprises. Whenever, a firm wants to succeed in the market, it must be competent and able to assess need of training facility, to capture new techniques, provide opportunity for staff's engagement and empowerment. Incentives (denoted as Incent) are one of them. The word Incentives here means, "A firm adopts such packages which encourage member to take initiatives to reduce carbon footprints and get the other benefits like maximum output, product development, more sales, client satisfaction employees' satisfaction etc". For

capturing the maximum market share, to win over the competitors; to attract customers, incentives are not the only tool a firm is needed; Environment Management (denoted as EM) emerges as another tool. It works as an Instrument that makes plans, set targets, in time evaluation and to manage Environmental effects on the business.

Both Incentive Practice and Environment Management are required to increase Non-financial (denoted as Non-fin) Performance in the organization. Here, Non-financial Performance means which are not related to money only; it is related to organizational learning and customer perspectives as per *Spangenberg and Theoran (2004)*. Prior studies checked the relationship between incentive Practice and Environment Management with firms' financial performance instead of Non-financial Performance. There is no earlier study found to introduce Incentives as the moderating variable in order to strengthen the relationship between Environment Management and firms' Non-financial Performance. Thus, this paper is an attempt to check the moderating effect of Incentive Practice for the relationship between Environment Management and Non-financial Performance in Indian corporate sectors.

INCENTIVE PRACTICE

Practice are some rules or regulations followed by every Organization. According to *Renwick et al. (2008 and 2013)* there are 18 HR Practices to be followed by an organization, Incentive is one of them. The authors *Renwick et al. (2008 and 2013)*; *Nijhawan (2014)* and *Rajab et al. (2015)* explained that Incentives can be paid for excellent/more work, for new ideas, new innovation, to increase the sale ratio, for gaining more profit and cooperation in the department etc. According to *Sengupta & Sengupta (2015)*; *Ahmed (2015)* and *Kapil (2015)* incentives can be of two types: one is monetary and second is non-monetary. Monetary incentives are paid in term of hard cash, additional benefits, premium, remuneration etc. While, education loan, insurance, tour and travelling packages, leave, home loan etc. are included in the Non-monetary benefits. In the judgment of *Bangwal & Tiwari (2015)* Incentives encourage staff members to do work more efficiently.

Incentives are the only medium through which working capacity of the employees can be raised up as explained by *Mehta & Chugan (2015)*; and

Rajab et al. (2015). In the similar manner, *Nehles & Veenendaal (2017)* argued that if proper incentives are provided to the employees involved in the organization activity then desired results can also be achieved. Thus, Incentive Practice is treated as moderating variable for the connection between Environment Management and Non-financial Performance.

ENVIRONMENT MANAGEMENT

Sustainability, Eco-friendly, corporate sustainability and Environment Management are used by many researchers interchangeably (*Jabbour, 2011*). According to *Cherian & Jacob (2012)* and *Greva et al. (2013)*, Environment Management is defined as the procedure; started with setting the objectives, fixing the standards, assessing regularity, finding out the results, filling up the gaps, making the audit reports and communicating to the authorities.

The studies of *Lee et al. (2012)*; *Yusoff et al. (2015)*; *Guerci & Carollo (2016)*; *Shen et al. (2016)* and *Mehat et al. (2019)* examined that when a company follows the Environment Management concept and gives preference to eco-friendly activities then results in extra sale, higher revenue, good position as compare to rivals, more regular customers attraction and satisfaction. Hence, *Zaid et al. (2018)*; *Wulansari et al. (2019)* and *Mahat, et al. (2019)* said that in order to avoid destruction in the organization, there is requisite of appropriate Incentive Practice and concern related to Environment security. In this study, Environment management is thus taken as the independent or exogenous variable.

NON-FINANCIAL PERFORMAMNCE

In universal term, Performance can be defined as the outcome of the enterprise. *Lee et al., (2012)* and *Molina-Azorin et al. (2013)* suggested that Performance can be of mainly two types such as: Financial Performance and Non-financial Performance. According to *Georgescu et al. (2017)* Financial Performance is legged performance, which depends upon past information and is related to money only. On the other hand, Non-financial Performance is more beneficial than Financial Performance *Dierynck (2012)*, because current estimation is measured as Performance indicators (*Kotkane & Merlino (2012)* and *Georgescu et al. (2017)*). Current estimation or modern evaluation includes customer satisfaction, interdependency of

the department, loyalty of the firm, attraction of the clients, less number of turnovers, and absenteeism. More of the studies (*Jacskon (2011)*; *Lee et al. (2012)*; *Molina-Azorin et al. (2013)* *Wu & Wu (2014)*) focused only on the financial Performance; these researchers ignored the Non-financial Performance which is the demand of the current scenario. So, this paper works only on Non-financial Performance.

LITERATURE REVIEW AND DEVELOPMENT OF HYPOTHESES

Earlier study had signified the association between Environment Management and firm Performance. However, there is no study to define relationship between Environment Management and Non-financial Performance. So, come over this gap, this paper seeks to verify that whether there exists a significant relationship between Environment Management and Non-financial Performance or not. Further, little empirical studies examined that Incentive Practice also play an important role to increase the Non-financial Performance. Thus, research also wants to verify that when moderating variable *Incentive Practice* enters into the picture, then the relationship between Environment Management and Non-financial Performance will change or not. The predictable correlation between all the variables; EM, Non-fin and Incentive Practice have been drawn and framing the hypotheses for this study is as follows:

H₁: Environment Management (EM) is positively related to Non-financial (Non-fin) Performance.

H₂: The significant relationship between EM and Non-fin relationship is changed in the Presence of Incentive (incent) Practice (moderating variable).

RESEARCH DESIGN AND INSTRUMENTS

The design of research is exploratory and descriptive, focusing on connection between Incentive Practice, Environment Management and Non-financial Performance. Data collection was done via using questionnaire. The questionnaire was developed to measure the level of EM, Non-fin Performance and Incentive Practice. Before proceeding to data collection, a pre-test of the questionnaire was carried out to evaluate the validity and reliability of the instrument. Multivariate statistical techniques were used for analyzing the data. Sample of the proposed study

are selected from ten Indian Companies (Infosys, Wipro, ICICI Bank, IDEA, INDUSIND Bank, SUZLON, ONGC, Tata Metalik Company, Tamilnadu Newspaper & Print Limited and last ITC) who have got already Eco-efficiency Award (<http://www.authorstream.com/Presentation/parampreetsinghs-2110846-top-indian-eco-friendly-companies>.)

In order to achieve the objective, a self-structured questionnaire was used for acquiring the relevant data from primary source. The questionnaire was prepared in English. It consisted of a total of 41 opinion-based statements along with four sections. Demographic profile is given in Section-A, Section B, C & D are dedicated to Environment Management followed by Non-financial Performance and Incentive Practice respectively.

The questionnaires were distributed among the respondents after getting their permission for investigation; the headquarters of the organizations have been selected. Sample size is calculated as 1*2*3*4 for questionnaire distribution. The questionnaire was sent through Google Form and administered to 1000 managers (all levels) of 10 organizations with a request that at least one senior HR manager, two junior HR managers, three line managers and at least four, lower level employees/managers should fill the questionnaire. Questionnaires were circulated using medium like LinkedIn or by e-mail. Telephones as well as Electronic-mails were the mediums for follow up after two weeks of initial distribution of the questionnaire to the respondents. The research survey was conducted in the period from 1st January 2019 to 31st December 2019. This resulted in a total number of 260 usable questionnaires. After collecting the data, Smart PLS version 3.0 has been employed using Measurement Model and Structural Equation Model for analyzing the data.

ASSESSMENT OF MEASUREMENT MODEL

Measurement (Outer) model gives a picture of loadings and weights for evaluating the reliability of indicators. As per *Garson (2016)* outer loading is to be checked on reflective model and outer weight is to be checked on formative model. This model presents the reports on Outer Loadings, Composite Reliability, Cronbach alpha, Average Variance Explained, Convergent Validity, Multi-collinearity, Goodness of fit etc. The outcomes of the study are based on the measurement model explained in upcoming section.

There is formative scale for the Environment Management and Reflective scale for the Incentive Practice and Non-financial Performance. Table 1 depicts that 13 items (EM1 to EM13) of Environment Management, 5 items (Incent1 to Incent5) of Incentive Practice and 9 items (Non-fin1 to Non-fin9) of Non-financial Performance have been identified. These all items are measured

in Smart PLS algorithm after dropping the items whose loadings are less than 0.7 and weights are more than 0.5 (Garson, 2016). From initial questionnaire, one item from Environment Management and two items from Non-financial Performance are dropped because of low loadings and high weight.

Table 1: Values of Loadings, Weights, AVE, T-Value, CR, VIF and Cronbach Alpha

Constructs	Items	Scale	Loadings/ Weights	AVE / T-Value	CR/ VIF	Alpha Values
Environment Management	EM1	Formative	0.264	11.583	1.577	N.A
	EM2		0.252		1.579	
	EM3		0.293		1.516	
	EM4		0.406		1.573	
	EM5		0.001		1.898	
	EM6		0.133		2.023	
	EM7		-0.136		2.259	
	EM8		-0.111		2.014	
	EM9		0.218		1.707	
	EM10		-0.16		1.764	
	EM11		0.066		2.101	
	EM12		0.033		2.198	
	EM13		0.009		2.096	
Incentive Practice	Incent1	Reflective	0.777	0.677	0.913	0.888
	Incent2		0.789			
	Incent3		0.876			
	Incent4		0.835			
	Incent5		0.834			
Non-financial Performance	Non-fin1	Reflective	0.766	0.547	0.916	0.896
	Non-fin2		0.778			
	Non-fin3		0.739			
	Non-fin4		0.705			
	Non-fin5		0.714			
	Non-fin6		0.718			
	Non-fin7		0.726			
	Non-fin8		0.76			
	Non-fin9		0.748			

Sources: Primary Data

Table 1 shows that Cronbach’s alpha value for Incentives (0.888) and Non-financial Performance (0.896) are more than the recommended threshold of 0.7 as per Garson (2016). While, there is no need to check the Cronbach’s alpha value for formative scale (Environment Management) because the indicators of formative latent variables need not to correlate, neither represents a single sub-dimension. While, the composite reliability (CR) value of Incentive Practice and Non-financial Performance are: 0.913 and 0.916 respectively that should be lie between 0.7 to 0.95 (Garson (2016)). The values of Variance Inflation Factor (VIF) for Environment Management (EM1 to EM 13 are 1.577, 1.579, 1.516, 1.573, 1.898, 2.023, 2.259, 2.014, 1.707, 1.764, 2.101, 2.198 and 2.096 respectively) also met the criteria of less than 4 as per Garson (2016). Thus, all the items assigned to

the Environment Management, Non-financial Performance and Incentive Practice have shown satisfactory inner consistency reliability.

Subsequent step is to check AVE (Average Variance Extracted) for reflective scale of Incentive Practice and Non-financial Performance. Table 1 represents the AVE (0.677) for Incentive Practice and Non-financial Performance (0.547) met the criteria (AVE>5) as explained by Garson (2016). Thus, Incentive Practice shared 67.7 per cent and Non-financial Performance shared 54.7 per cent variance with assigned items. To analyze formative scale, T-value is checked through bootstrapping procedure. Table 1 further showed that T-value for Environment Management is 12.101 which meets the criteria (T-value>1.96) as per Garson (2016).

Loadings of the reflective scale of Incentive Practice and Non-financial Performance are measured. The results indicated that loadings for items namely; Incent1 to Incent5 are 0.777, 0.789, 0.876, 0.835 and 0.834 respectively. The loadings for the items Non-fin1 to Non-fin9 are 0.766, 0.778, 0.739, 0.705, 0.714, 0.718, 0.726, 0.76 and 0.748 respectively. All the values lie within the criteria (>0.7). On the other hand, outer weights for items Em1 to EM13 are 0.264, 0.252, 0.293, 0.406, 0.001, 0.133, -0.136, -0.111, 0.218, -0.16, 0.066, 0.033 and 0.009 respectively, also met the threshold (<0.5) as recommended by Garson (2016).

The next estimation is to check *Discriminant Validity* based on *Cross Loadings* of item, *Fornell-Larcker Criteria* and *Hetrotrait- Monotrait HTMT Ratio* associated with EM, Incent and Non-fin Performance. In PLS results, it is inspected that all the items' loadings of Constructs (EM, Incent and Non-fin Performance) are found to be uppermost on every construct from which items are made-up to compute. The outcome of Cross loading is explained in Table 2

Table 2: Cross Loadings

Cross Loadings			
Items	EM	Incent	Non-fin
EM1	0.854	0.588	0.374
EM2	0.851	0.573	0.418
EM3	0.849	0.544	0.367
EM4	0.829	0.465	0.333
EM5	0.853	0.641	0.435
EM6	0.812	0.557	0.417
EM7	0.81	0.522	0.363
EM8	0.809	0.452	0.413
EM9	0.801	0.503	0.414
EM10	0.8	0.333	0.69
EM11	0.797	0.441	0.53
EM12	0.788	0.282	0.687
EM13	0.781	0.392	0.603
Incent1	0.372	0.853	0.529
Incent2	0.251	0.849	0.692
Incent3	0.445	0.844	0.697
Incent4	0.568	0.816	0.699
Incent5	0.456	0.8	0.658
Non-fin1	0.654	0.652	0.789
Non-fin2	0.412	0.542	0.785
Non-fin3	0.432	0.633	0.759
Non-fin4	0.421	0.489	0.763
Non-fin5	0.489	0.487	0.726
Non-fin6	0.498	0.365	0.745
Non-fin7	0.475	0.369	0.738
Non-fin8	0.325	0.426	0.712
Non-fin9	0.444	0.365	0.708

Table 2 defines that all the loadings of row's indicators (EM 1 to EM 13) are higher from its own column than on the other constructs (column). Same as following, indicators of Incent and Non-fin also represents the higher value from its rows and columns. Thus, through Table 2 study examined that there is no cross loading issue. Second step is to check Fornell-Larcker Criterion, which is specified that the square root values of AVE for all three constructs (Incent, EM and Non-fin) are greater than the related values of corresponding constructs.

Table 3: Fornell-Larcker Criterion

Constructs	Incent	EM	Non-fin
Incent	0.823		
EM	0.305	0.612	
Non-fin	0.302	0.566	0.74

Sources: Primary Data

The results of Discriminate Validity (Table 3) pointed out that the items corresponding to the constructs and the amount to which all the constructs (EM, Incent and Non-fin) are on higher side and dissimilar from each other. Higher values are shown in bold area. Thus, Fornell-Larcker is met. A last criterion in measurement model is to check the HTMT ratio of the constructs (EM, Incent and Non-fin).

Table 4: HTMT Ratio

Constructs	EM	Incent	Non-fin
EM			
Incent	0.297		
Non-fin	0.396	0.537	

Sources: Primary Data

HTMT ratio is used to check the interrelation of one construct with another construct as said by Garson (2016). The HTMT value for Incent and Non-fin Performance is 0.297 and 0.537, which is less than the criteria value i.e. 0.85. Thus, all three conditions of Discriminant Validity are fulfilled by current study.

After ensuring all the condition of measurement model i.e. internal consistency reliability, loading, AVE and Discriminant Validity of the entire items (EM1 to EM13, Incent1 to Incent5 and Non-fin1 to Non-fin9) and constructs (EM, Incent, and Non-fin); the time is to check Goodness of fit for the model.

Goodness of Fit

There are two methods to check Goodness of Fit in the model i.e. SRMR and NFI. SRMR stands for Standardized Root Mean Square Residual where as

NFI means Normed Fit Index. According to Garson (2016) the ideal value for SRMR should be less than 0.080 and NFI should be greater than 0.90, Table 5 shows that both the values (0.06 and 0.922) fall within criteria.

Table 5: Results of Goodness of Fit

Results	Saturated Model	Estimated Model	Criteria
SRMR	0.06	0.06	<0.08
NFI	0.922	0.922	>0.9

Sources: Primary Data

After confirming the model fit, study moves to assess the structural model. This study evaluates the relationship between EM and Non-fin Performance caused by Incent Practice in the organization.

STRUCTURAL MODEL ASSESSMENTS

This model also called as inner model; it establishes the association between exogenous and endogenous constructs. For proofing the first hypothesis, Environment Management is treated as exogenous variable and Non-financial Performance as endogenous variable. To verify the inner model, first is to check the issues of multicollinearity. Multicollinearity exists if Variance Inflation Factor (VIF) is higher than 4.0 as per Garson (2016). In this paper, all items (EM1 to EM13; Non-fin1 to Non-fin 9 and Incent1 to Incent5) of the constructs lie between 1.516 and 2.9, which are far below 4.0. This indicated that there is no problem of multicollinearity, study can move to next step of structural model assessments as described in Figure 1.

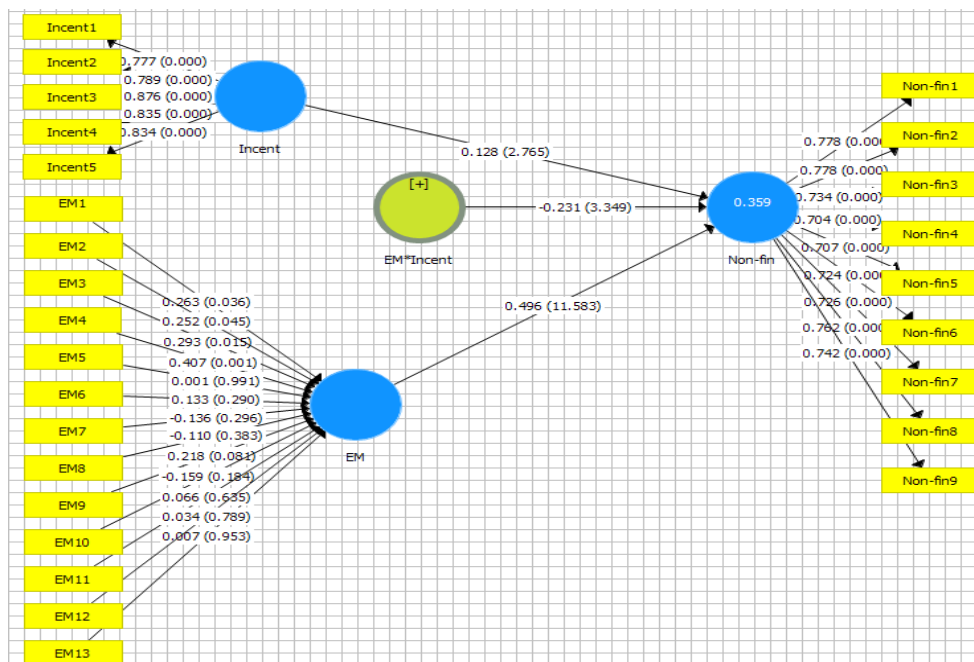
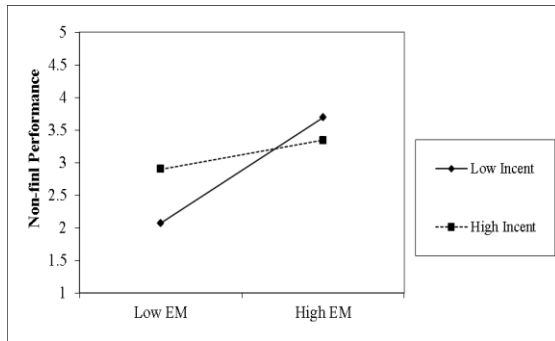


Figure 1: Incentive Practice vs Moderator

In Figure 1, Environment Management is treated as exogenous variable, Non-financial Performance is taken as endogenous variable while Incentive Practice are used as Moderating variable. Figure 1 showed that the path arrow between EM-> Non-fin Performance explained that the value of path coefficient (0.496 and T-value is 11.583); is above the threshold value (-1 to +1 and T-value >1.96). Thus, results provided the evidence of a strong bond between exogenous (EM) and endogenous variable (Non-fin). Thus, the hypothesis H₁ is confirmed: H₁: EM is significantly related to the Non-fin Performance in Indian corporate sectors.

Now, study moves to check the moderating effect of Incentive Practice in the association between Environment Management and Non-financial Performance. The path coefficients and T-value of Incent and EM to Non-financial Performance (0.128; 2.765 and 0.496; 11.583 respectively) meet the criteria. The interaction effect between Incent*EM->Non-fin relationship is -0.231 which lies between the criteria of -1 to +1 as per Garson (2016). T-value is (3.349) above the threshold of >1.96 at 5 percent significant level. Thus, paper found that second hypothesis also fulfills the condition. The moderation effect can easily be

understood by slop plot. In Figure 2, interaction effect is shown by slop plot diagram.



Sources: Primary Data
 Notes: Incent-Incentive Practice; Non-fin Performance- Non-financial Performance; EM- Environment Management

Figure 2: Interaction Plot of Incentive Practice

Slope plots are typically used as a visual illustration to gain a better understanding of the moderation effect as explained by *Rutherford et al. (2018)*. Figure 2, demonstrates a two-way interaction of the connection among Environment Management and Non-financial Performance. There is a high degree of moderating effect (3.349)

between the interaction term (EM*Incent) and the endogenous construct (Non-fin). The outcome indicated that high level of Incentive Practice in presence of Low Environment Management yields High level of firm Non-financial Performance. While, in the simultaneous presence of High level of Incentive Practice and High level of Environment Management, Non-financial Performance is slightly increased. When, there are low Incentive Practice in presence of low EM, the Non-fin is less than the high Incent Practice as shown in figure 2. It is shown below the dotted line where as in the presences of high incent and high EM, the Non-financial Performance goes on upper side above the dotted line. Thus, study concluded that in the presence of interaction variable (Incentive Practice) Non-financial Performance has been increased in a great manner.

After checking the path coefficient and T-value, the paper also depicts the results of T-Statistics; values of R-square, f-square Q-square and P-values in the tabular form.

Table 6: Results of Structural Model ((EM->Non-fin); (Incent*EM->Non-fin))

Relationship	Mean	STD DEV	T Statistics	P Values	R2	F2	Q2	2.50%	97.50%
EM -> Non-fin	0.496	0.043	11.583	0	0.321	0.473	0.165	0.038	0.214
Incent*EM -> Non-fin	-0.231	0.064	3.349	0	0.359	0.301	0.183	-0.157	-0.076
Incent -> Non-fin	0.128	0.044	2.764	0.003	0.096	0.106	0.047	0.433	0.599

Sources: Primary Data
 *T-value- Significant at 0.05 Level
 *P-Value -Significant at 0.005Levels.

In Table 6, all the values of T, path coefficient, R², P, F², Q² and bias corrected at 95 Percent levels are shown. R² values (coefficient of determination) are found relevant for dependent variables only. In general, if, the value of R² is less than 0.75, it is considered as strong; moderate if, the value is < 0.50, and weak if, the value of R-square is < 0.25, as per *Garson (2016)*. In current study, R² is 0.321 for the direct relationship between EM and Non-fin and 0.359 for the association and moderating effect (Incent*EM->Non-fin). This indicates that R² value has slightly increased from 32.15 to 35.95 if Incentive Practice are entered into the model as moderator.

The Effect Size (F²) is also calculated for exogenous variable. It stated that how well exogenous construct explains endogenous construct. The criteria of F² for the endogenous construct can be interpreted as strong (F-square >0.35), moderate (F-square > 0.15), and weak (F-square >0.02). Table 4 depicted that f-Square value is 47.3 per cent for the relation EM and Non-fin

Performance and 30.1 per cent for the relation Incent*EM-> Non-fin Performance explained by study. The F-square value for EM and Non-fin is strong i.e. 47.3 per cent. Following this, R-square value for Incent*EM->Non-fin is 30.1 per cent, relatively moderate and acceptable.

The Q² is calculated for predictive relevance of the model. Following *Garson (2016)*, 0.2 represents a *small* effect size, 0.15 represents a *medium* effect size and 0.35 represents a *high* effect size. On this basis, we can say that model has a medium degree of predictive relevance with regard to the EM->Non-fin and Incent*EM->Non-fin Performance. P-value represents the significant effect at 0.001 levels. The values of Confidence interval bias corrected at 95 percent levels also lie in precise limits. Thus, all the values of R², F², Q², T and P reach at its significant criteria for checking the moderating effect. Study concluded that the hypothesis related to this is accepted as that: *H₂: Incentives Practice play significant role as moderator* for strengthening the association

between *Environment Management and Non-financial Performance*.

FINDINGS AND DISCUSSION

Current study checked direct relationship between Environment Management and Non-financial Performance (EM->Non-fin). There is a positive relationship found between Environment Management and Non-financial Performance. Afterwards, the strength of bond between Environment Management and Non-financial Performance is being tested in the presence of Incentive Practice (acted as moderator). Incentive Practice when introduced in the model, the association between Environment Management and Non-financial Performance is changed. Results indicated that Incentive Practice strengthened the bond between Environment Management and Non-financial Performance.

Findings for recent study started with the Measurement Model evaluation. In Measurement Model, internal consistency of the constructs is checked using Cronbach Alpha. Outcome showed that both values (0.888 and 0.896) of Incentive Practice and Non-financial Performance achieved the threshold values of Cronbach Alpha (>0.7). Composite Reliability of Incentive Practice (0.913) and Non-financial Performance (0.916) reached the threshold criteria (CR >0.7). All the VIF values related to Environment Management lie in feasible criteria (VIF<0.4). Outer Loadings of Incentive Practice and Non-financial Performance also obtained the threshold criteria (Outer loading>0.7). The values of AVE for Incentive Practice and Non-financial Performance also reached the threshold criteria (AVE>0.5). T-Values of Environment Management (11.583) also reached at significant criteria (T>1.96). Discriminate Validity checked through Cross Loadings possessed no issue. Fornell- Larcker Criteria pointed out that all constructs (Incentive Practice, Environment Management and Non-financial Performance) have higher values diagonally. HTMT Ratio of Incentive Practice (0.297) and Non-financial Performance (0.537) also reached the said criteria (HTMT<0.85). SRMR (Standardized Root Mean Square Residual) and NFI (Normed Fit Index) values are also attained the target that SRMR <0.08 and NFI>0.90. Thus, all the conditions of Measurement Model were achieved.

In Structural Model, the values of path coefficients for Incentive Practice and Environment Management laid between -1 to + 1. T-values are

11.583 for EM->Non-fin and 2.765 for Incent->Non-fin also reached its significant level (T-values>1.96).

When Incentive Practice is tested as a moderator, path coefficient (EM*Incent=-0.231) and T-values (EM*Incent= 3.349) confirms the moderating effect (3.349) on the relationship between Environment Management and Non-financial Performance.

In current study, R² value has slightly increased in the presence of Incentive Practice. Effect Size (F²) has moderate effect. The values of Q² also has medium effect size. Thus, all the values of R², F², Q², T and P reached at said significant criteria for checking the moderating effect.

Based on the results of the research, there is a positive relationship found between Environment Management and Non-financial Performance. This means that Environment Management is helpful in increasing the firm's Non-financial Performance in terms of customer satisfaction, employee satisfaction, building royalty for the firm, capturing the market share, less turnover, absenteeism and win over the competitors (*Molino-Azorin et al. (2013) and Georgescu et al. 2017*). Incentive Practice helps in conserving and preserving the Environment and has ability to increase Non-financial Performance, *Ahuja (2015)*. Thus, this study, based on the results, confirmed the hypothesis that Incentive Practice strengthens the association between Environment Management and Organizational Non-financial Performance.

IMPLICATIONS OF THE STUDY

Incentive Practice improve the morale of the staff members, enhancement in product quantity/quality and proper mindset of the workforce helps to improve the Non-financial Performance of the firm (*Banwal and Tiwari, 2015*). Following the rules of ISO standards and proper implementation of Environment Management, firms can secure positions in the market against the challenging party and also helps to improve the performance (*Ahuja, 2015*). When Environment Management interacts with Incentive Practice; Non-financial Performance of the firm increases in great ratio, this is verified by current study. So, business enterprises should give Incentives to their staff in order to encourage them to implement the Environment related activities so as to obtain improvements in Non-financial Performance.

CONCLUSION, LIMITATION AND SUGGESTIONS

Recent paper has examined the effects of Environment Management on Non-financial Performance of Indian corporate sector. The outcome of the measurement model exposed that Environment Management has a significant relationship with the firm's Non-financial performance. Afterwards, Incentive Practice if entered in the relationship between Environment Management and firm's Non-financial Performance then the relationship becomes stronger than earlier. It specifies that whenever an organization gives Incentives to their staff, staff gets motivated, works with more enthusiasm and efficiency with Eco-friendly ideas and firm's Non-financial Performance would become high. Applying eco-friendly policies, organization saves fund, discovers latest sources of enterprise and avoids crisis. Thus, adopting Practice of Environment Management, firms help in reducing harmful effect on the atmosphere, building society relations, improving relations with people, gaining attention of the public and have a strengthening impact on enterprise income. Limitation of this study is that there are various Practices in Human Resource department, but current paper has worked only on single Practice i.e. Incentive Practice.

Another limitation of this study is that Non-financial Performance is taken only whereas organizations are more interested in improving Financial Performance. A number of researchers also have confirmed the fruitful results using both (Financial as well as Non-financial) performance measures. Suggestion is that in future, studies can be carried out with more Practices like Recruitment, Selection, Training, Ability and Motivation. Moreover, further studies can be carried out with financial as well as non-financial performance measures. In the organization, management should create such environment, which motivates employees to bring new ideas and share with management. The employees should be encouraged to view a problem with different eye and able to adopt innovative ways to solve a problem. Management should make efforts to give different types of Incentives which help in enhancing productivity and efficiency of an organization. In the dynamic business scenario, management of an organization should emphasize on creativity and encourage employees to manage Environment related issues for creating distinct identity among competitors.

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