

Impact of Green Human Resource Management on Firm's Valuation- A Study on FMCG Companies

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Abstract- In the dynamic corporate environment, environmental sustainability has emerged as a pivotal factor influencing organizational success. Green Human Resource Management (GHRM) has been recognized as a strategic method to synchronize human resource policies with environmental goals, thereby improving organizational performance and valuation. This research examines the effects of GHRM practices on the valuation of Fast-Moving Consumer Goods (FMCG) companies, utilizing the Ability-Motivation-Opportunity (AMO) framework. A purposive sample of 14 FMCG companies listed in the Nifty 100 is analysed, with data spanning from 2019-2020 to 2023-2024, employing content analysis to evaluate the impact of GHRM components on firm valuation, as indicated by market capitalization. The research underscores the role of green HR practices, including green recruitment, training, and reward systems, in enhancing employee capabilities, fostering eco-friendly motivation, and creating opportunities for sustainable engagement. To address the objective the study has undertaken the wide usage of content analysis to quantify the aspects of the AMO framework from the company's annual report and has executed the regression equation using the balanced panel framework. The results indicate a significant relationship between a few GHRM initiatives, namely recruitment & selection, pay, organizational culture, decision-making, and firm valuation, highlighting their strategic significance in tackling environmental issues, improving brand reputation, and promoting long-term competitiveness. This study enhances the comprehension of GHRM within the FMCG sector and provides practical recommendations for organizations aiming to incorporate sustainability into their human resource strategies.

Keywords: Green HRM, sustainability, organization valuation, FMCG

I. Introduction

In this evolving world, the organization are recognizing the importance of sustainability and how it impacted Human Resource Management, which gives it name Green Human Resource Management (GHRM). Green HRM main aim is to align Human Resource Management and its policies to environmental goals, which ultimately contribute to company's valuation (Uddin & Islam, 2016) (Jamal et al., 2021). This research paper examines the impact of Human Resource Management on the company's valuation. In 1990, the notion of "corporate environmentalism," also known as green management, started attracting the audience and created a sensation in the 2000s. (Lee, 2009). According to Rani and Mishra (2014), Green Human Resource Management (GHRM) represents a promising concept; however, there is still a lack of extensive research in this area. The blending of human resource management with sustainability involves green recruitment and selection, green training and development, green performance management, green remuneration, rewards, and pay systems, as well as green employee relations and engagement. On a second note, organisations are fostering a culture where employees' personal goals and the company's goals align with sustainability. Sustainable development of Human Resources connects with the right talent, which in turn works for the company's valuation and makes it profitable. As it aligns organization's goal, which in turn increases sustainability for the company. In this context, the Ability-Motivation-Opportunity (AMO) provides a perspective for understanding how Green HRM can enhance employee engagement and organizational performance, which includes company valuation. The three components of the AMO framework are opportunity, motivation, and ability. Ability (A) refers to giving workers the skills they need to pursue sustainable goals, Motivation (M) concentrates on advancing eco-friendly vision and values, and opportunity (O) provides an environment where workers can turn their aspirations into reality. Green HRM recruits' workers to manage waste, create a green workplace, and lower carbon footprints in the fast-moving consumer goods (FMCG) industry, where the majority of waste is generated and resources are not properly aligned. This strategy boosts brand reputation and operational effectiveness. This study uses the AMO framework, which allows employees to practice sustainable goals, to examine how GHRM affects the valuation of FMCG companies.

II. Literature Review

GHRM And Firm's Profitability

The incorporation of organizational performance and environmental sustainability within the GHRM framework plays a crucial role in driving higher corporate valuation. Green recruitment, sustainability-focused training, and employee engagement are crucial elements that contribute to an organizational culture based on environmental responsibility. The implementation of this strategy not only leads to measurable improvement in mental performance but also fosters innovation and enhances operational efficiency (Kandel et al, 2024; Deniswara & Sopiah, 2003). The organization implements GHRM strategies to experience enhanced green

employee behaviour and innovation, which is important to maintain a competitive advantage in today's eco-conscious market (Deniswara & Sopiah, 2023) (Marditama et al., 2024). If a company where human resources management shows evidence suggest that proactive environmental strategies have positive impact on overall company success and valuation (Marditama et al., 2024) (Xie & Lau, 2023). By embedding sustainability, Green Human Resources Management (GHRM) shows there is long term growth and resilience, thereby justifying their valuation in an increasingly in tgreen economy (Subono & Kurnisa, 2024) (Xie & Lau, 2023). The components, such as Green recruiting, training and performance management, that foster green employee behaviour, highlight how they enhance organizational performance and sustainability. The practice contributes to company valuation by improving environmental performance and aligning HR strategies with sustainability goals. The key components of Green Human Resources Management (GHRM) include environmental performance, green employee behaviour, and sustainable practice, which can enhance company valuation by fostering innovation, improving reputation, and providing sustainable proof that attracts environmentally conscious stakeholders. The practice of promote sustainability; improve employee retention fostering a positive organizational image is always aligned with environmental responsibility. By employing the Ability, Motivation, Opportunity (AMO) model, it should focus on recruit candidates, with relevant skills and fostering a culture that promotes continuous developmental, which is crucial in a dynamic business environment (Dumitriu et al., 2023) (Al-shahwani, 2020). The approach taken by high-quality applicants uses a strategic approach that helps to reduce turnover and increase productivity to cultivate a positive organizational image. (Degenaar, 2004). Recruiting the right talent contributes to long-term corporate performance and ensures that the employees are able to meet the company's objectives. Recruitment strategies with a holistic corporate purpose, suggested by Madden, use the AMO framework to attract long-term investors who value sustainable growth. (Madden, 2017) The lifecycle model that connects long-term performance effectively, with market valuation, effects investor confidence. (Park, 2021), (Madden, 2017) Operational excellence and stakeholder management uses AMO framework to measure the company's valuation which enables long-term success. (Basalmah et al, 2020) An AMO recruitment and selection practice enhances the valuation in the eyes of stakeholder and investor in the FMCG sector. As it blend technical and soft skills, making employee to adapt the work-culture and work towards common goals. (Dumitriuetal, 2023) (Stofkova & Hraskova, 2020). It also helps to contribute to employee satisfaction and retain employees and achieve strategic objective. (Stofkova & Hraskova, 2020). Green Human Resource Management enhance organization performance which in turn company's valuation (Sanin, 2011) (Ofers & Aryeetey, 2011). The training of the employee within Fast Moving Consumer Goods (FMCG) companies in terms of human capital development helps to increase company's valuation, increase stakeholder confidence. Research also states that the investment during training the employees can gives significant abnormal return, particularly when recognised through awards that enhance company reputation in corporate. (Knaeple, 2017). Financial Health and market performance of FMCG as analysed through profitability ratios and risk-return assessments that contribute to investment and stock valuation positively (Dhar, 2022). Therefore, this holistic approach to train and valuation ultimately align with stakeholder and shareholders, reinforce the company's market position and attract investor. The development of AMO and GHRM can enhance company's valuation is FMCG sector. It is important to attract investors and stakeholder who prioritize sustainable and responsible business.

Shareholder Value

Effective HRM Practices: Research indicates that robust HRM strategies, such as recruitment and continuous employee development, correlate with improved financial performance, particularly in terms of return on assets (ROA) and market value added (MVA)(Wibowo, 2024). Integration of HRM and Business Strategy: The integration of HRM practices into strategic decision-making enhances overall business performance, which is vital for shareholder satisfaction (Xirogiannis et al., 2008).

Valuation Models and Intangibles

The Life-Cycle Valuation Model emphasizes the correlation between long-term corporate performance and market valuation, emphasizing the importance of intangible assets and innovation in driving company value (Madden, 2017). In the same vein, Automated Knowledge Discovery, which employs advanced data extraction and analysis techniques, provides valuable insights into the organizational performance, strengthening valuation methods (Weichsel Braun et at, 2020). The increasing recognition of Ability-Motivation-opportunity (AMO) based GHRM practices as a means of improving company valuation has raised concerns that the focus on short-term financial indicators may not reflect the long-term strategic benefits of sustainable initiatives. This type of misalignment can put stakeholder interest at risk. An in-depth comprehension of the AMO framework is necessary to justify the valuation of firms in knowledge-based industries like FMCG.

Knowledge-Based Capital

Human Capital: A set of skills, expertise, and competencies among the employees that drive innovation and operational efficiency (Sumiati et al, 2022). Both are critical components of firm value creation. Additionally, structural capital encompasses the organizational process and system that promote knowledge sharing and continuous improvement through a combination of incentives (Wijnhoven, 2001). The interdependence of human and structural capital is a crucial aspect in the operations of FMCG companies. By effectively utilizing these intangible assets, firms can remain competitive in dynamic markets by fostering agility, innovation, and value creation (Alves, 2008)

Stakeholder Perspectives

Subjective Valuation gained greater prominence as investors recognize that the valuation of knowledge assets tends to be different for various stakeholders, necessitating sophisticated and context-dependent methods of estimating company value (Wijnhoven, 2001). Concurrently, incorporating sustainability and moral aspects into corporate strategy, i.e., aligning organizational aims with larger-scale social and environmental responsibilities, can drive perceived value and investor confidence (Schafer, 2019). But overreliance on intangible assets can threaten to overshadow traditional financial metrics and lead to overvaluation and higher investor exposure. A balance between tangible and intangible aspects is thus key to creating a complete and exact valuation structure. In this context, the impact of the AMO (Ability-Motivation-Opportunity) model's design on compensation arrangements is a determining factor in the valuation of Fast-Moving Consumer Goods (FMCG) firms. Incentive schemes inherent in the AMO model impact organizational capital structure and financial performance as well as influence investor perception. Relatively high corporate leverage levels, for example, can decrease profitability as well as diminish shareholder wealth and thus impact market valuations. In addition, an effective incentive system can stimulate managerial performance, align executive performance with shareholder interests, and eventually influence stock performance. The subsequent sections examine the importance of this relationship in more depth, emphasizing the synergy between human capital management, financial structure, and market-based valuation in the FMCG industry.

Incentive Structures on Company Value

Types of Incentives: Both salary and equity incentives significantly improve company value creation, although they may lead to polarization in performance outcomes (Chen, 2013). Ownership Dynamics: The interaction between ownership structure and managerial incentives can lead to higher expected stock returns, particularly when agency conflicts exist between large shareholders and management (Jung et al., 2017). Performance Correlation: High monetary compensation correlates positively with corporate performance, while excessive perquisite consumption negatively impacts it (Yong, 2011).

Employee Vs. Executive Incentives

Equity Incentives: Employee equity incentives tend to have a more substantial impact on performance than executive incentives, as employees are directly involved in operational activities and motivated to meet performance conditions (Xia, 2023). Long-term Development: Executive equity incentives can reduce agency costs and align management with long-term corporate goals, enhancing overall company valuation (Xia, 2023). In contrast, some argue that overly complex incentive structures may lead to unintended consequences, such as short-termism or misalignment of goals, which could ultimately harm company valuation. This perspective highlights the need for careful design and implementation of incentive systems to ensure they foster sustainable growth.

Organizational Culture as A Competitive Advantage

FMCG companies perceive value to investors and stakeholders is largely determined by the organizational culture and workplace climate. Strong, engaging culture builds commitment among employees and improves performance, which builds brand equity. By promoting operational efficiency, this internal organizational strength is also a sign of long-term viability and profitability, which helps the company to attract potential investors.

Employee Engagement and Brand Equity

Employee engagement plays a crucial role in boosting brand equity, which is becoming increasingly important for investors (Raza et al., 2024). When employees are truly engaged, they show more commitment, advocacy, and alignment with the company's values. These elements work together to create a strong and authentic brand image. These not only enhance how stakeholders view the organization but also build trust, establishing it as a dependable and value-driven player in the market.

Organizational Culture as A Competitive Advantage

A strong and unified organizational culture can serve as a lasting source of competitive edge, greatly influencing investor confidence (Preetha & Murugesan, 2020). Companies that cultivate a collaborative, transparent, and ethically sound workplace are more likely to gain and keep the trust of their investors. Something crucial for boosting perceived stability and long-term value (R,2024)

Ethical Climate

Creating an ethical organizational climate is essential for minimizing the chances of financial misrepresentation, which in turn boosts investor confidence in the reliability of financial disclosure (Castellano et al., 2004). When companies consistently show ethical behaviour and transparency, investors are more inclined to value them higher. These qualities help to reduce the risk tied to financial irregularities and corporate misconduct (Hanisha, 2017). On the flip side, a negative or toxic work environment can lead to employee disengagement and unethical behaviour, which ultimately damages stakeholder trust and negatively affects the company's valuation. The highlights the strategic need to foster a positive and ethically sound organization culture, not just maintain integrity and compliance, but also to enhance long-term financial performance and reassure investors.

Employee Motivation & Engagement

AMO's (Ability-Motivation-Opportunity) framework, especially the emphasis on individual motivation and engagement, is crucial in determining the market valuation of Fast-Moving Consumer Goods (FMCG) companies. When employees are motivated, it significantly boosts organizational performance, driving productivity, innovation, and operational efficiency all of which directly impact how the market views a company's worth. In the following section, we'll dive into the key aspects of this relationship, showcasing how motivated and engaged employees can lead to a lasting competitive edge and improved financial results in the FMCG Industry.

Employee Motivation Mechanisms

Effective employee motivation mechanisms, such as those implemented by Procter & Gamble, enhance commitment and performance, leading to improved company outcomes (Chen, 2022). Herzberg's motivation theory highlights the importance of intrinsic and extrinsic factors in fostering employee engagement, which is vital for FMCG companies facing market volatility (Chen, 2022).

Value Creation Through Motivation

Insider qualifications and motivation are critical value drivers; motivated employees can enhance shareholder value through better decision-making and performance (Limitovskiy, 2009). A positive organizational culture that prioritizes motivation can lead to talent retention and overall company success, thereby increasing market valuation (Mathe et al., 2011).

Learning and Development Impact

Programs focused on learning and development significantly motivate employees, fulfilling their needs for achievement and power, which are essential for driving performance in the FMCG sector (Arquisola & Ahlisa, 2019). The link between how motivated employees feel and their intention to leave the company shows that when motivation is high, employee turnover tends to be lower. This not only helps keep the workforce stable but also has a positive impact on the company's overall value (Merlin et al., 2024). While personal motivation is a key factor driving performance, we can't overlook the influence of external elements like market trends, consumer habits, and competition. These factors also significantly affect how we assess the value of Fast-Moving Consumer Goods (FMCG) companies. This highlights the importance of taking a comprehensive view of organizational value, one that combines insights from both employee engagement and the wider market landscape.

Employee Engagement and Brand Equity

When employees are highly engaged, it boosts brand equity. Engaged team members not only embrace the organization's values, mission, and identity but also showcase them in their everyday interactions (Raza et al., 2024). This kind of alignment enhances the brand's authenticity and helps create stronger emotional bonds with stakeholders. Employees' engagement are more likely to get involved in corporate social responsibility (CSR) initiatives, which highlights the organization's dedication to social responsibility. This active participation not only enhances the brand's reputation but also builds greater trust among stakeholders, it is a key ingredient for long-term organizational success (Raza et al., 2024)

Motivation Mechanisms

Implementing strong employee motivation strategies, especially those based on Herzberg's Two-Factor Theory can really boosts employee commitment and performance, which in turn can have a positive impact on a company's market value (Chen,2022). In the fast-paced and competitive world of Fast-Moving Consumer Goods (FMCG), having a motivated team is crucial for driving innovation, adaptability, and strategic involvement. These traits not only help achieve operational excellence but also play a key role in maintaining a competitive edge. Motivation goes beyond just being a human resources task; it is a strategic necessity tied to the long-term success of the organization.

Stakeholder Perception

Positive employee relations are essential for boosting stakeholder welfare, and research has shown a clear link to better firm valuation metrics like Tobin's Q (Jiao, 2010). When companies genuinely invest in their employees' well-being and engagement, they not only create a more productive and resilient workforce but also convey long-term value to investors. In today's investment world, where social responsibility and effective human capital management are becoming increasingly important, the perception of strong employee relations can greatly affect investor confidence and decision-making (Jiao,2010). However, its crucial to remember that while internal engagement is key to organizational success, external market factors like economic shift, competitive pressure, and regulatory changes can also have a significant impact on firm valuation.

Investor-Partner-Manager Dynamics

The relationship between investors, partners, and fund managers is quite intricate, often marked by uneven information and action that aren't always visible, which can complicate decision-making. Take, for instance, how a partner's decision might unintentionally impact a fund manager's result. This highlights the vital importance of clear communication and well-aligned incentives among

everyone involved (Keppo et al., 2014). In this scenario, crafting and executing effective incentive contracts become crucial. These strategies can help align interests better, boost collaboration among the parties, and minimize inefficiencies related to agency issues. These enhancements lead to more dependable investment results and improve the accuracy of valuation expectations in our increasingly complex financial landscape.

Equity Premium Expectations

Asset managers often have a tendency to expect a countercyclical equity premium, meaning they look for higher returns when market valuations are low and lower returns when valuations are high (Dahlquist & Ibert, 2024). This kind of investment behaviour is a smart and strategic way to respond to changing market conditions, and it plays a vital role in how they decide to allocate their portfolios. However, the degree to which portfolios actually reflect these expectations is frequently limited by set investment mandates and regulatory guidelines. These limitations can hinder how quickly portfolio strategies react to market signals, potentially causing gaps in how valuation expectations are understood and communicated to investors (Dahlquist & Ibert, 2021). This underscores the need for transparency and flexibility in investment policies to ensure that asset managers' insights align with investors' comprehension.

Behavioural Influences

Investors' expectations are shaped by a mix of personal perceptions, risk appetites, and behaviour, which can differ quite a bit among various investor groups. For AMOs, grasping these aspects of behavioral finance is key to crafting investment strategies that truly connect with a wide range of investor profiles (Mohindroo & Singh, 2013). Given the natural diversity in how investors behave, AMOs need to stay flexible, constantly tweaking their methods to keep up with changing expectations. This kind of adaptability not only boosts clients' satisfaction but also influences overall market valuation.

Research Gap

In FMCG sector most waste is produced and resources are not aligned effectively, Green HRM recruits' employees to foster a green workspace, manage waste, and reduce carbon footprints. There are dearth of researches in this area focusing on how can GHRM practices can influence the operations of FMCG sectors focused on more sustainable workplace and eco-system. There are dearth of studies related to impact of GHRM on firm's valuation in Indian context.

Research Objectives

To study the impact of Green Human Resource Management on Firm's Valuation.

Hypothesis

Based on the above literature review the following hypotheses are framed:

H_1 : Recruitment and selection has a positive impact on firm's valuation.

H_2 : Training has a positive impact on firm's valuation.

H_3 : Development has a positive impact on firm's valuation.

H_4 : Knowledge has a positive impact on firm's valuation.

H_5 : Pay has a positive impact on firm's valuation.

H_6 : Incentive has a positive impact on firm's valuation.

H_7 : Career Development has a positive impact on firm's valuation.

H_8 : Organisational Culture has a positive impact on firm's valuation.

H_9 : Individual motivation and Engagement has a positive impact on firm's valuation.

H_{10} : Decision making has a positive impact on firm's valuation.

H_{11} : Job Design has a positive impact on firm's valuation.

H_{12} : Policies have a positive impact on firm's valuation.

H_{13} : Relationship has a positive impact on firm's valuation.

III. Data & Methodology

To test the above-mentioned hypothesis, the present study has considered purposive sampling focusing on a total of 14 FMCG stocks listed in the Nifty 100 for the data period ranging from 2019-2020 to 2023-2024. To gauge GHRM the present study has undertaken a wide range of content analysis using the traditional text analysis techniques. The present study has employed the linguistic tradition (Ryan & Bernard, 2000) of text analysis that considers text as an object of analysis. The study has considered

both humanist tradition and positivist tradition for the search of meaning and interpretation from the annual report (texts) analysed, further reducing those texts to codes that represent concepts and applying standard quantitative methods to explore the dependencies of the components of GHRM on firm's valuation. The texts considered to quantify the variables as per AMO framework act as keywords to analyse whether the company's annual report projects any presence of GHRM practices or not. The conceptualisation and measurement of AMO variables, which are coded to analyse the GHRM practices in the companies, are based on the findings of (Anna Bos-Nehles et.al 2023), (Pickering and Byrne, 2014). The data has been compiled into a balanced panel set-up, where the firm's valuation has been considered to be the dependent variable and GHRM measured using the AMO (Ability-Motivation-Opportunity) framework has been considered to be the independent variable. The present study has expanded its approach into breaking the AMO framework into their respective sub-components mentioned in Table-I. Market Capitalisation has been considered to be the proxy to measure the firm's valuation and to measure Ability (A) total 5 sub-components are used, for measuring Motivation (M) a total of 5 sub-components are used and to measure Opportunity (O) total of 4 sub-components are used (Bos-Nehles et al., 2023).

Table I

List of Components, Sub-components and Defining Words

Component	Code	Sub-Components	Defining Words
Ability Enhancing Practices	A1	Recruitment & Selection	Hiring
			Recruitment
			Hiring Selectively
	A2	Training	Training
			Training and Development
			Extensive training
	A3	Development	Development
			Career development initiatives
			Specific Work related knowledge
	A4	Knowledge	
Motivation-Enhancing Practices	M1	Pay	Compensation
			Performance-based pay
			Regular formal evaluations
	M2	Incentives	Benefits
			Incentives
			Rewards
	M3	Career Development	Promotions
			Job Security
	M4	Culture	Trust and reciprocation
			Organization culture
	M5	Individual motivation and engagement	Individual motivation
			Engagement
Opportunity Enhancing Practices	O1	Decision making	Participation
			Empowerment
			Involvement
			Communication

	O2	Job Design	Autonomy
			Job Design
	O3	Policies	Grievance and Complaint Processes
	O4	Relationship	Teamwork
			Support

(Source(s): Author's own Compilation)

The present study has undertaken OLS, Random and Fixed Effect models for panel regression to check which model fits the most. Finally, the result concludes that Pooled OLS is the best model for our study for the period considered in our study.

Equations undertaken for the present study:

$$Y_{it} = \beta_0 + \beta_1 X_{1,it} + \beta_2 X_{2,it} + \dots + \beta_n X_{n,it} + \epsilon_{it} \text{-----(Equation-1)}$$

IV. Results & Findings

Table II

Pooled OLS

Source	SS	df	MS	Number of Obs = 70		
				F(13,56)= 4.93		
Model	38.2537	13	2.94259	Prob > F=0.0000		
Residual	33.3935	56	0.59631	R-squared = 0.5339		
				Adj R-squared = 0.4257		
Total	71.6472	69	1.03837	Root MSE = 0.77221		

Firm Valuation	Coef.	Std.Err	t	P> t	[95% Conf.Interval]	
A1	-0.06397	0.016825	-3.8	0.000	-0.09768	-0.03027
A2	-0.00619	0.007664	-0.81	0.423	-0.02154	0.009163
A3	0.001852	0.003013	0.61	0.541	-0.00418	0.007889
A4	0.009269	0.016312	0.57	0.572	-0.02341	0.041946
M1	0.016831	0.006088	2.76	0.008	0.004635	0.029028
M2	-0.00313	0.003803	-0.82	0.414	-0.01074	0.00449
M3	-0.01341	0.024966	-0.54	0.593	-0.06343	0.036599
M4	0.005006	0.002885	1.74	0.088	-0.00077	0.010786
M5	0.010123	0.008197	1.23	0.222	-0.0063	0.026543
O1	0.016125	0.010964	1.47	0.147	-0.00584	0.038088
O2	0.070051	0.136061	0.51	0.609	-0.20251	0.342615
O3	-0.01256	0.011986	-1.05	0.299	-0.03657	0.011446
O4	0.002809	0.003728	0.75	0.454	-0.00466	0.010277
cons	19.54549	0.288211	67.82	0.000	18.96813	20.12285

(Source(s): Author's own Compilation)

The present study has tried to dive deep into the AMO framework by breaking the components into sub-components. The result shown in Table II confirms the fact that H_1 , H_5 , H_8 , and H_{10} have significant relationships at 5%, 5%, 10% and 15% significance

levels respectively. In other words, other than these 4 components the remaining components are not having any significant relationship with the dependent variable taken in our study during the concerned data period. It has been observed that recruitment & selection have a negative relationship with the firm's valuation contradicting to the hypothesis, meaning that during the study period, the present study has observed the fact that there has been less information related to green recruitment & selection in the annual report that has adversely impacted the firm's valuation. In other words, the annual reports must mention more about the process of green recruitment and selection as an important disclosure parameter, which will develop a sense of transparency among the stakeholders favourably impacting firm's valuation. The present study has also observed a significant positive relationship with pay, organisational culture, decision making and firm's valuation, confirming the fact that the more the company mentions about compensation, performance-based pay, incentives, normal income, regular formal evaluation, trust & reciprocation, organisational culture, employees' participation, employees' empowerment, employees' involvement and proper communication in their annual report as a part of disclosure, the more it will have a positive impact in the minds of the stakeholders resulting in having a favourable impact on firm's valuation. Since during the study, it is observed that 4 out of 13 hypotheses are having significant relationship with the firm's valuation, it confirms the fact that still the annual report which is considered to be one of the major disclosure tools, has to be improved by the companies taken for our study to ensure due disclosure to the external and internal stakeholders for their decision making to ensure true and fair disclosure.

V. Conclusion

This research underscores the considerable influence of Green Human Resource Management (GHRM) practices on the valuation of fast-moving consumer goods (FMCG) companies, with particular emphasis on the AMO (Ability-Motivation-Opportunity) framework. By incorporating environmentally friendly HR initiatives, such as green recruitment, training, and performance management, organizations within the FMCG sector can effectively synchronize their human resource strategies with objectives related to environmental sustainability. The results highlight that enhancing employees' capabilities through the development of green skills, incentivizing eco-friendly behaviors through rewards and recognition, and providing opportunities for active engagement in sustainability initiatives collectively contribute to improved organizational performance and valuation. This study illustrates that GHRM transcends being a mere conceptual trend; it represents a strategic approach that yields concrete business results. In the FMCG sector, where environmental issues are particularly pressing, the implementation of GHRM practices provides dual advantages—bolstering corporate sustainability initiatives and enhancing brand reputation. It is essential to consistently communicate the organization's environmental objectives, accomplishments, and GHRM initiatives in annual reports to foster trust among stakeholders. Furthermore, the adoption of advanced HR technologies, such as artificial intelligence and analytics, can facilitate the optimization of green HR practices and assess their impact on sustainability and business performance.

Future Scope of Study

This present research has only focused on the FMCG companies, as it involves generation of most waste and resources are not aligned effectively. It opens up the scope for the future scope of study for other sectors. The current study has only taken data period ranging from 2019 to 2024; the study has not examined the impact of the COVID-19 pandemic on the implementation of GHRM practices in the organisation, which opens up the future of the study. The present study has observed a negative coefficient for recruitment and selection with a firm's valuation, confirming the fact that during the study period, the annual reports have scantily disclosed aspects related to GHRM with respect to recruitment and selection. Now, this also opens up the fact for future study as to does a ripple in the recruitment & selection process during a situation like a pandemic affects valuation, as people prefer and show signs of stability for those companies that show lesser changes in the workforce during a turbulent situation, rather focusing on aspects related to motivation and extending opportunity to the workforce of the company. The present study will also further try to explore the long-run and short-run impact of variables on a firm's valuation using an extensive econometric model. Acceptance of the pooled OLS model as the best fit essentially opens up the need to expand the data set, because exploring the fixed effect, random effect and dynamic fixed effect models will open up many aspects of how each variable taken under study, considering the AMO framework, affects the firm's valuation.

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Ethical Consideration

Conflict of Interest

The authors declare that they have no conflict of interest.