

## **Abstract**

Various researchers have compiled empirical and theoretical studies to understand green banking adoption practices. Nonetheless, an ambiguity still exists on which factors drive the adoption in this context. This ambiguity further widens, explaining the influence of the key actor of organisations in relation to adopting green banking practices. Recent literature concedes that institutional motivations prevailing in the form of coercive, mimetic and normative isomorphisms motivate organisations; even though the empirical validity of such institutional motivations has been less examined in relation to the area of adopting green banking practices. These institutional motivations similarly motivate key actors in relation to their business decision-making. The literature further pinpoints the influence of key actor's values in shaping the organisational practices by differing its responses to various institutional pressures. Hence, the present study attempts to understand the impact of institutional motivations on green banking adoption and the moderating role of the key actor's environmental values in this context.

Previous studies were reviewed to examine the related theories and concepts in relation to green banking adoption. Among several organisational theories, institutional theory has been recognized as a prominent theory in catering an explanation for organisational actions. Amidst providing an explanation for the organisational actions, the theory has been criticized for not explaining the role of the key actor who takes a prominent role in making changes in an organisational setting due to pressures stemming from the institutional environment. Former literature further notifies the influence of the key actor's values in shaping the practices of organisations by differing their responses to various institutional pressures. Value-Belief- Norm (VBN) theory in this setting offers a fitting explanation for predicting an individual's pro-environmental behaviour based on his or her psychological constructs; among which the individual's environmental values take the key role.

Hence, based on the complementary theoretical approaches of institutional theory and VBN theory; the institutional motivations prevailing in terms of coercive isomorphism, mimetic isomorphism and normative isomorphism separately impact the adoption of green banking practices in bank units. These isomorphism drivers further motivate the key actors in such units to integrate environmental beneficial practices into their units. Hence, the first three hypotheses were advanced to assess the impact of each of these isomorphism on the green banking adoption. On the contrary, prior literature further emphasised the intensified effect of normative isomorphism: one of the institutional motivations, in organisations where

employees are more concerned about the environment. Keeping with this view, the last two hypotheses on the moderating role of the key actor's environmental values; prevailing in terms of biospheric-altruistic and egoistic values were advanced in relation to the impact of normative isomorphism on the adoption of green banking practices; to enhance the predictive power of institutional theory in relation to the key actor.

The study incorporated a quantitative approach and a cross-sectional design. The unit of analysis of the study consists of bank branches that have adopted green banking practices and the branch managers of such branches. A questionnaire was further compiled by incorporating the previously validated scales as the survey instrument of the study. Accordingly, with the incorporation of the convenience sampling technique, 129 eligible responses have proceeded to the analysis of the collected data with the use of Structural Equation Modelling with SMART PLS. The impact of the institutional motivations prevailing in the form of normative isomorphism was statistically significant in relation to the adoption of green banking practices. While a marginally statistically significant impact was held by the mimetic isomorphism, coercive isomorphism was reported as statistically insignificant in its impact. Similarly, the proposed moderating effects of the key actor's environmental values were statistically insignificant on the relationship between normative isomorphism and the adoption of green banking practices.

As a whole, the current study contributes to several theoretical, managerial and industrial implications. The empirical validation of institutional motivations using the institutional theory's isomorphism process concedes their applicability in relation to adopting green banking practices. The study further discards the complementary theoretical approaches of the institutional and VBN theories by releasing the environmental values of the key actor to be a reason for adopting green banking practices in varying degrees. Nevertheless, it concedes the requirement of creating a competitive environment in both settings: within a particular bank and the sector of banking to promote the adoption of green banking across bank units. Similarly, it necessitates to inculcating the green aspect into the corporate values and strengthening or redefining the environmental-related policies of banks to reach better prospects in adopting green banking practices. Hence, the current study indicates the ability of pressures associated with competitive rivals, social obligations and professionalisation in uplifting the green banking adoption along with denying the key actor's environmental values to be a reason to strengthen the adoption of the same practices. This in turn opens the path to conduct future research on understanding the role of other psychological

constructs of the key actor in strengthening the green banking adoption. Similarly, it concedes on investigating the impact of other possible factors on adopting green banking practices to reach higher prospects in the adoption of green banking practices.