SUSTAINABLE HUMAN RESOURCE MANAGEMENT

ANA MARIJA GRIČNIK, MATJAŽ MULEJ,
SIMONA ŠAROTAR ŽIŽEK

University of Maribor, Faculty of Economics and Business, Maribor, Slovenia
ana.gricnik@student.um.si, matjaz.mulej@um.si, simona.sarotar-zizek@um.si

Abstract Sustainable HRM (SHRM) is a new approach to people management, focusing on long-term HRM, regeneration, and renewal. It helps firms attract and retain high-quality employees: by integrating SHRM practices into their employee value proposition, firms establish unique, attractive employer brands. Socially Responsible HRM, Green HRM, Triple Bottom Line HRM, and Common Good HRM are types of SHRM. Especially these characteristics of SHRM matter: Long-term orientation, care for employees, environment, profitability, employee participation and social dialogue, employee development, external partnership, flexibility, compliance beyond labor regulations, employee cooperation, fairness, equality. SHRM is based on sustainable HR policies, such as management of employment relationships, prevention, health and safety at work, training and continuous development, diversity and equal opportunities, fair remuneration and social benefits, communication, transparency, social dialogue, attraction, and retention of employees, work–family balance. The paper presents a possible requisitely holistic model of SHRM.

1   Introduction

Since firms are dealing with the external pressure of society, obstacles in the labor market, and internal issues in employment relations, they must reconsider their responsibility and business models. Shortage of skilled labor force, aging society, and employee health problems are examples that impel firms to search for new ways to improve their HRM (Clarke, 2011). Therefore, using the potential of sustainability for HRM, which includes providing a proper work environment and conditions, providing development opportunities, being genuine towards employees, and being attentive to employees' psychological and physical well-being, could make sense (Wikhamn, 2019).

HRM is now expected to actively help organizations meet the demands of competing stakeholders, take care of the triple bottom line, and achieve financial, social, and environmental performance for both the present and the future; thus, sustainability is increasingly significant for HRM, too (Ehnert et al., 2014).

The United Nations Brundtland Report introduced 'sustainable development (SD),' defining it as development that meets the present needs while preserving future generations' ability to meet their own needs (Brundtland, 1987). The SD perspective promoted various concepts regarding business responsibilities, including corporate social performance (CSP) and corporate social responsibility (CSR). CSR exposed ethical and philanthropic obligations in addition to organizational financial and legal responsibilities (Ehnert & Harry, 2012).

To authors of this paper, SHRM addresses modern macro and micro challenges. The demand for sustainability and sustainable development is increasingly gaining ground globally, including SHRM to ensure a long-term relationship with HRM stakeholders. To add insight into SHRM, we use available secondary scientific sources with a qualitative approach.

We present research on SHRM, its characteristics, and types to help managers and companies implement SHRM. Hence, we derived a possible requisitely holistic model of SHRM. The paper is structured in 3 sections. After the introduction, section 2 describes the scope and characteristics of SHRM. Section 3 sets the discussion and conclusions.

2 Theoretical Background

2.1 The scope of SHRM

SHRM is an extension of strategic HRM (Ehnert, 2009), defined as the set of planned or developing HRM strategies and practices designed to support the achievement of economic, social, and environmental goals while sustaining the HR base over time (Kramar, 2014). Ehnert et al. (2014) see SHRM as a contribution to sustainable company development: sustainability reaches beyond environmental and economic sustainability to involve other issues, including justice, employee participation, health and wellbeing, employability, and employee development.

The SHRM characteristics explain what HRM should look like to be sustainable and how sustainability can be used for HRM. They were suggested to improve knowledge on how to make SHRM more explicit (Stankevičiūtė & Savanevičienė, 2018). The following ones matter most:

Long-term orientation prioritizes long-range consequences and impacts of decisions and actions; they matter after a long period (Lumpkin & Brigham, 2011). This includes: futurity, which indicates a worry about the future; continuity, which emphasizes the link between the past and the future; and perseverance, which stresses the effect of current choices on the future (Lumpkin & Brigham, 2011). Unfortunately, in many important decisions, the optimal long-run plan of action is not the most desirable in the short term (Laverty, 1996).

Care about employees, their workload, income, work-life balance, and other factors (Guerci & Pedrini, 2014) including workforce remaining healthy and productive over the long term (Ehnert, 2009).

Care about the environment is a critical aspect of green HRM (Renwick et al., 2008) and the ecological result of SHRM (Kramar, 2014). HRM should heavily emphasize environmental responsibility, focusing on recruiting environmentally conscious and highly qualified employees, particularly younger generations (Renwick et al., 2008). Strategies for environmentally responsible recruitment include using technology, responsible branding, choosing candidates with environmental awareness, and including environmental factors in recruitment messages (Opatha & Arulrajah, 2014). More broadly, environmentally responsible behavior in day-to-day

tasks might include rational electricity use, limited printing, switching paper-based tasks to digital platforms, garbage sorting, and eco-friendly transportation (Kramar, 2014).

Profitability has, for a very long time, dominated organizational activity. Now, financial measures are no longer the sole way to evaluate success as businesses increasingly commit to sustainability (Kiron et al., 2011). The sustainability factor does not invalidate economic success (Stankevičiūtė & Savanevičienė, 2018). An organization's long-term viability depends on both: its financial stability and environmental competitiveness (Clarke, 2011).

Employee participation and social dialogue: a way to increase employees' commitment and loyalty toward the organization and fulfill social needs and human growth (Joensson, 2008). It is also a fundamental goal of SHRM: it enables perceiving employees as subjects (Zaugg, 2009).

Employee development is linked to long-term orientation, considering employees as key assets and change agents (Hirsig et al., 2014); future-oriented skills reach beyond improving the current ones. Investing in future skills challenges viewing corporate sustainability as a whole because the business environment is constantly changing and calling for urgent efforts to respond, including in terms of employee abilities (Stankevičiūtė & Savanevičienė, 2018).

Flexibility: functional and numerical flexibility are two types of flexibility in HRM. Functional flexibility is the capacity to adjust to changing company's needs for versatile, internally mobile people and depends on long-term mutual investment in employment relationships, while numerical flexibility involves adjusting personnel numbers to match business demands and minimize costs (Carvalho & Cabral-Cardoso, 2008). While numerical flexibility is often associated with short-term cost-cutting, it can be sustainable if it involves temporary employment of individuals who need assistance in integrating into the labor market (Stankevičiūtė & Savanevičienė, 2018). Flexibility in SHRM mainly pertains to employee demands such as work hours, leave, retirements, vacations, rewards, and remote work (Vihari & Rao, 2018).

Compliance beyond labor regulations: one must match the law to operate (Stankevičiūtė & Savanevičienė, 2018), but it's not enough sufficient for effective SHRM. A more comprehensive strategy is required for SHRM and profit from it, as adherence to institutional standards alone does not guarantee sustainability (Järlström et al., 2018).

Employee cooperation is created and improved by sharing information, building trust and respect within the organization, and using open, proactive communication. It also promotes increased quality and productivity, lowers absenteeism and the likelihood of labor conflicts, it boosts overall job satisfaction (Hirsig et al., 2014).

Fairness and equality: rules, rights, and responsibilities must be the same for everyone in the organization (Järlström et al., 2018). To ensure SHRM, diversity promotion in necessary and fairness and equality should reflect in all aspects of HRM, including hiring, reviewing performance, awarding employees, etc. (Hirsig et al., 2014).

External partnership: relationships with the labor market, educational institutions, non-governmental organizations, and employee families are considered contributing value. Therefore, in SHRM, a company must recruit and keep employees today and maintain access to the so-called "source of resources"(Ehnert, 2014; Ehnert, 2009).

2.2   SHRM types

To achieve effective design and implementation of SHRM and contribute to solving today's grand sustainability challenges, it is crucial to identify different SHRM types and their purposes (Ehnert et al., 2020).

Socially responsible HRM (SRHRM) includes HRM techniques that target implementing employee policies and promoting the implementation of CSR policies while influencing the conduct and attitudes of employees (Zhao et al., 2021). To help the organization achieve its CSR goals, SRHRM seeks and keeps employees with a strong sense of CSR that favor organizational morality and are eager to participate in ethical activities like protecting the environment and charity (Abdelmotaleb & Saha, 2019).

SRHRM encourages employees' moral behavior more than other HRM strategies. SRHRM inspires employees to defend the interests of other stakeholders and urges them to perform initiative behaviors (Zhao et al., 2021). Employees' CSR awareness will prompt them to act morally to protect the organization's and external stakeholders' interests when they witness unethical activity in the workplace. On the other hand, SRHRM considers social performance in evaluation and promotion, embedding ethics within the organizational structure (Abdelmotaleb & Saha, 2019).

Green HRM refers to organizational creation, implementation, and ongoing maintenance processes for environmental consciousness. Green HRM makes employees environment-friendly to meet organizational environmental goals and substantially contributes to environmental sustainability. Benefits for individuals, society, the environment, and the company result from policies, procedures, and processes making all green (Opatha & Arulrajah, 2014).

The role of GHRM is typically seen as either supporting environmental management (EM) by influencing the environment or focusing on organizational culture towards EM targets, or it is seen as primarily manifesting itself in HRM practices, e.g., to reduce carbon footprints by printing less, traveling less, or adopting other environmentally conscious behaviors (Järlström et al., 2018).

Triple Bottom HRM concentrates on the HRM's presumed economic, environmental, and social goals all at once (Ehnert et al., 2020). This method demonstrates that a more comprehensive understanding of sustainable human resource management is possible when HRM is viewed as a general approach to people management that concentrates on employee-oriented practices (like employee well-being or involvement) while also taking into account the impact of HRM on its social and ecological environments (such as resource regeneration, and/or ecological goals) (Ehnert, 2009).

Common Good HRM is a fundamental shift in how humans view the purpose of business and HRM's contributions. All aforementioned HRM types partly modified the traditional business objective - financial gain - to adapt to external pressure for greater social and ecological responsibility. A common good HRM posits that business has a fundamental duty to contribute meaningfully to sustainability issues. Its long-term self-interest lies in preserving our way of life (Ehnert, 2009).

3   **Discussion and Conclusions**

The SHRM may be the most complex challenge ever attempted in HRM (Westerman et al., 2020). Its HRM techniques and practices enable attaining financial, social, and ecological goals, with influences inside and outside the business and over a long period while preventing unwanted side-effects and feedback (Ehnert et al., 2016).

As a very complex topic, SHRM covers multiple types per their target areas. Along with economic aspects, SRHRM focuses on the company's effect on society, GHRM on its environmental impact, and Triple Bottom HRM combines all three aspects. These three types of SHRM share the consideration of how implementing sustainability can help the company achieve higher financial success. On the other hand, Common Good HRM defines sustainability as a necessary property of HRM to preserve our life. It is recommended for businesses to implement SHRM practices in their operations to ensure their long-term survival. Such practices can be implemented into employees' recruitment, selection, training, rewarding, etc. By matching SHRM, businesses can make themselves more appealing to environmentally conscious potential employees. Therefore, managers should use all types of SHRM and define the extent of effort they would be willing to put into implementing them.

Since the implementation of SHRM practices would require substantial financial inputs (employee and management training, as well as a change in a business organization), there are practical limitations on how many businesses will decide to implement such practices and the extent of effort they would be willing to put into implementing them.

The main purpose of this paper was to determine whether SHRM is the answer to modern macro and micro challenges. Yes, it is. Namely, implementing sustainability into HRM will benefit the business in the long run, employees, and society as a whole.

By examining the research reported in this paper, we can derive a holistic model of SHRM. In the center of the model in Figure 1, we can see the characteristics of SHRM, beneath are its functions, and on the side are the connections between different SHRM types.

The main outcome of this research is a requisitely holistic model of SHRM. As such, it could be useful for companies in their effort to implement sustainability into their HRM practices. Therefore, this paper offers the next logical research step, i.e., to test our model in practice and make suggestions for upgrading it.
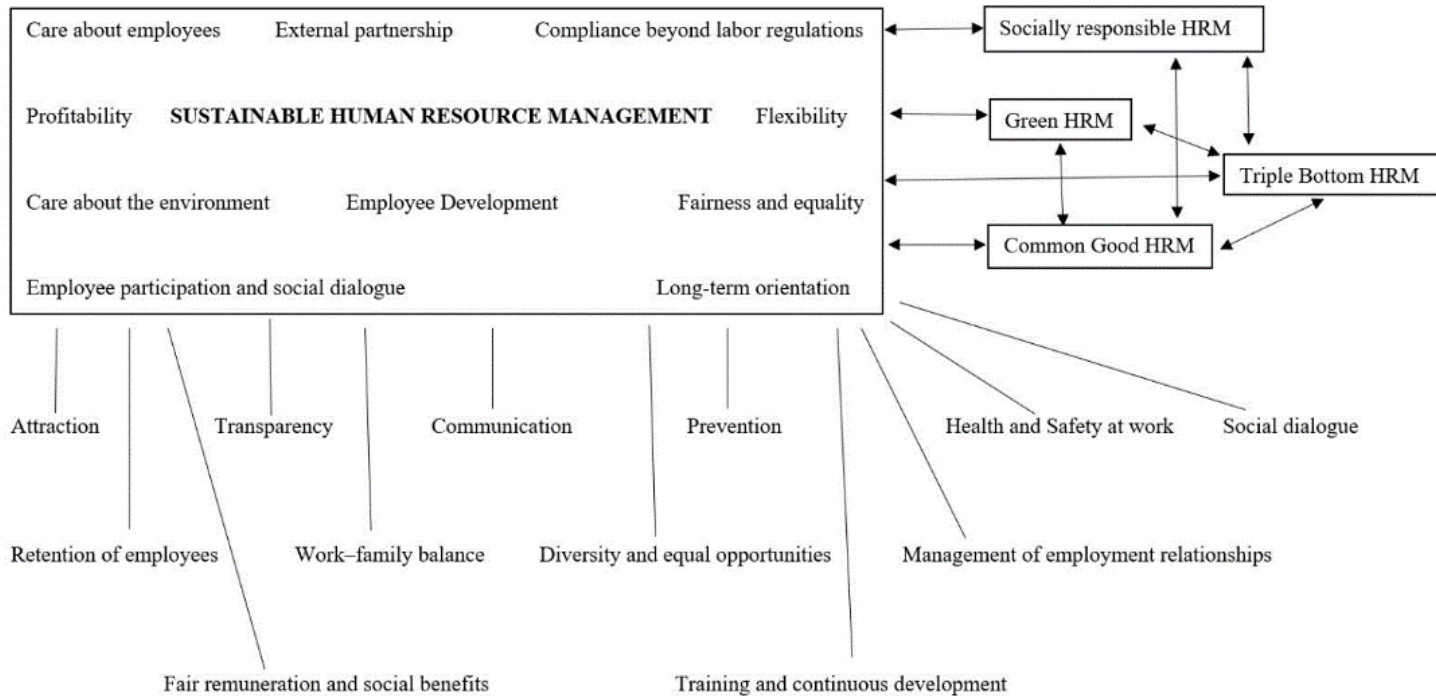
Figure 1: Characteristics of SHRM
Source: Auhthor's elaboration.

References

Abdelmotaleb, M., & Saha, S. K. (2019). Socially responsible human resources management, perceived organizational morality, and employee well-being. *Public Organization Review, 20*(2), 385-399.

Brundtland, G. H. (1987). *Report of the World Commission on environment and development: our common future.* United Nations.

Carvalho, A., & Cabral-Cardoso, C. (2008). Flexibility through HRM in management consulting firms. *Personnel Review, 37*, 332-349.

Clarke, M. (2011). *Sustainable HRM: A New Approach to People Management.* Tilde University Press.

Ehnert, I. (2009). *Sustainable Human Resource Management: A conceptual and exploratory analysis from a paradox perspective.* Physica-Verlag.

Ehnert, I., & Harry, W. (2012). Recent developments and future prospects on sustainable human resource management: Introduction to the special issue. *Management revue*, 221-238.

Ehnert, I., Harry, W., & Zink, K. J. (2014). Sustainability and HRM. In I. Ehnert, W. Harry, & K. J. Zink, *Sustainability and Human Resource Management. CSR, Sustainability, Ethics & Governance* (pp. 3-32). Berlin, Heidelberg: Springer. doi:https://doi.org/10.1007/978-3-642-37524-8_1

Ehnert, I., Matthews, B., & Muller-Camen, M. (2020). Common Good HRM: A paradigm shift in Sustainable HRM? *Human Resource Management Review, 30*(3).

Ehnert, I., Parsa, S., Roper, I., Wagner, M., & Muller-Camen, M. (2016). Reporting on sustainability and HRM: a comparative study of sustainability reporting practices by the world's largest companies. *The International Journal of Human Resource Management, 27*(1).

Ehrnet, I. (2014). Paradox as a Lens for Theorizing Sustainable HRM. In I. Ehnert, W. Harry, & K. Zink, *Sustainability and Human Resource Management. CSR, Sustainability, Ethics & Governance* (pp. 247-271). Berlin, Heidelberg: Springer. doi:https://doi.org/10.1007/978-3-642-37524-8_11

Guerci, M., & Pedrini, M. (2014). The consensus between Italian HR and sustainability managers on HR management for sustainability-driven change–towards a 'strong'HR management system. *The International Journal of Human Resource Management, 13*, 1787-1814.

Hirsig, N., Rogovsky, N., & Elkin, M. (2014). Enterprise Sustainability and HRM in Small and Medium-Sized Enterprises: A Decent Work Perspective. In I. Ehnert, W. Harry, & K. Zink, *Sustainability and Human Resource Management. CSR, Sustainability, Ethics & Governance.* (pp. 127-152). Berlin: Springer, Heiderbeg. doi:https://doi.org/10.1007/978-3-642-37524-8_6

Järlström, M., Saru, E., & Vanhala, S. (2018). Sustainable human resource management with salience of stakeholders: A top management perspective. *Journal of Business Ethics*, 703-724.

Joensson, T. (2008). A multidimensional approach to employee participation and the association with social identification in organizations. *Employee Relations*, 594-607.

Kiron, D., Kruschwitz, N., Haanaes, K., & von Streng Velken, I. (2011, December 15). *Sustainability Nears a Tipping Point.* Retrieved Marec 20, 2023, from MITSloan Management Review: https://sloanreview.mit.edu/article/sustainability-nears-a-tipping-point/

Kramar, R. (2014). Beyond strategic human resource management: is sustainable human resource management the next approach? *The international journal of human resource management, 8*, 1069-1089.

Laverty, K. J. (1996). Economic "short-termism": The debate, the unresolved issues, and the implications for management practice and research. *Academy of Management Review, 3*, 825-860.

Lumpkin, G. T., & Brigham, K. H. (2011). Long–term orientation and intertemporal choice in family firms. *Entrepreneurship theory and practice, 6*, 1149-1169.

Opatha, H. N., & Arulrajah, A. A. (2014). Green Human Resource Management: Simplified General Reflections. *International Business Research, 7*(8), 101-112.

Renwick, D., Redman, T., & Maguire, S. (2008). Green HRM: A review, process model, and research agenda. *University of Sheffield Management School Discussion Paper, 1*(1), 1-46.

Stankevičiūtė, Ž., & Savanevičienė, A. (2018). Designing sustainable HRM: The core characteristics of emerging field. *Sustainability, 10*.

Vihari, N. S., & Rao, M. K. (2018). Antecedents and Consequences. *Jindal Journal of Business Research, 7*(1), 61-85.

Westerman, J. W., Rao, M. B., Vanka, S., & Gupta, M. (2020). Sustainable human resource management and the triple bottom line: Multi-stakeholder strategies, concepts, and engagement. *Human Resource Management Review, 30*(3).

Wikhamn, W. (2019). Innovation, sustainable HRM and customer satisfaction. *International Journal of Hospitality Management, 76*, 102-110.

Zaugg, R. J. (2009). *Sustainable HR management: New perspectives and empirical explanations.* Wiesbaden: Gabler.

Zhao, H., Chen, Y., & Liu, W. (2021). Socially Responsible Human Resource Management and Employee Moral Voice: Based on the Self-determination Theory. *Journal of Business Ethics*, 1-18.

Zhao, H., Zhou, Q., He, P., & Jiang, C. (2021). How and when does socially responsible HRM affect employees' organizational citizenship behaviors toward the environment? *Journal of Business Ethics, 169*(2), 371-385.