

# Sustainable HRM: An Evolution of a New Approach

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## ABSTRACT

*The 21<sup>st</sup> century has started by the dynamic and intensely competitive environment, innovation culture, diversified human resource, nature-friendly practices, and sustainable business models. The knowledge-based economy demands strategic implementation of organizational and HRM policies to succeed with respect to sustainability. Strategic HRM is an alignment of organizational strategies and HR policies to improve HR outcomes and organizational performance. Sustainable HRM could be described as a planned pattern of HR activities to the accomplishment of organizational goals, social goals, and environmental goals to reproducing workforce over a long period. There are three interpretations to the understanding the relationship between sustainability and HRM i.e. responsibility-oriented, efficiency and innovation-oriented and substance-oriented. This study is an attempt to answer the following two questions: (i) Is there a paradigm-shifting in HRM research from Strategic HRM to Sustainable HRM? (ii) If yes, then what are the reasons of the paradigm shift? The objective of the study is to establish the relationship or linkage between strategic HRM and sustainable HRM; and also contribute to develop and explore the literature related to sustainable human resource management. Finally, the result shows the significance of sustainable HRM and its role in the organization's move towards sustainability.*

**Keywords:** *Nature-friendly, Organizational Performance, Sustainability, Sustainable HRM*

## INTRODUCTION

Nowadays, every business is in the race to capitalize the opportunity of using sustainability as a brand image for their businesses. Because, sustainability do not have only concern to environmental problems and it also has an impact on society and human resources. In the 1970s, ecological movement was the result of exploitation of natural resources, misuse and poor management of human resources and uncontrolled economic and population growth (Meadows, et al., 1972; Daly, 1973). A number of terms have been used to link sustainability and HRM activities like as sustainable work systems (Docherty et al. 2002), human resource sustainability (Gollan 2000; Wirtenberg et al. 2007), sustainable management of human resources (Ehnert 2006, 2009, 2011), Sustainable

Leadership (Avery 2005; Avery and Bergsteiner 2010) and Sustainable HRM (Mariappanadar 2003, 2012; Kramer, 2014)

Strategic HRM designed and implementation the HRM practices for organizational strategy and economic outcomes, whether sustainable HRM is that HRM practices which contribute to the development of human and social capital within the organization (Kramer, 2014). There is also mounting concern about the impact of HRM policies on externalities, such as the customers, environment and social and human aspects of society (Mariappanadar 2003, 2012; Dunphy et al. 2007; Avery and Bergsteiner 2010).

Sustainable HRM approach demonstrates the legitimacy of organizational practices, predominantly HRM practices, in furthering a wider range of outcomes. These outcomes could include impacts on individuals or groups within an organization (human outcomes) and impacts on groups of people and the relationships between people (social outcomes) (Kramar, 2014). In addition, this approach acknowledges the possibility of the negative impacts on human, social and ecological/environmental outcomes (Avery 2005; Dunphy, Griffiths and Benn 2007). The term sustainable HRM has been conceptualized in a variety of ways and attempted to grapple with the relationship between HRM practices and outcomes beyond particularly financial outcomes (Wilkinson, Hill and Gollan 2001; Mariappanadar 2003, 2012; Ehnert 2006, 2009; Clarke 2011).

This study is an attempt to answer the following two questions: (i) Is there a paradigm-shifting in HRM researches from Strategic HRM to Sustainable HRM? (ii) If yes, then, what are the reasons for the paradigm shift? This paper concerns (i) to establish the relationship or linkage between strategic HRM and sustainable HRM; and also contribute (ii) to develop and explore the literature related to sustainable human resource management. The first section of the paper explains the concepts of and relationships among sustainability, SHRM and sustainable HRM. The second section of the paper explores the literatures related to Sustainable HRM and supports for a new approach with its rationality in the organization. This is followed by a conclusion and further developments in research.

### **Concepts and relationship among Sustainability, SHRM and Sustainable HRM**

#### **Sustainability**

The United Nation's World on Environment and Development (WCED) emerged the concept of *sustainability* in the context of environment and population growth. In general phrase, sustainability is used as synonym for 'long term', 'durable', 'sound', and 'systematic' (Leal Filho 2000). The word 'sustainability' derived from the *Latin* language, its prefix 'sustain' origin form 'sustenerere' which means 'to maintain', 'to sustain', 'to strength' and its suffix 'able' refers to ability of maintaining, developing and strengthening. Brundtland Commission defined sustainability as "sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (WCED, 1987, p.43).

According to Leal Filho (2000) sustainability, the term may have many meanings as: 1) the systematic, long-term use of natural resource so that these are available for future generations (as defined by WCED); 2) the modality of development that enables countries to progress economically and socially, without destroying their environmental resources; 3) the type of development which is ethically acceptable, morally fair, socially just,

and economically sound; 4) the type of development where environmental indicators are as important as economic indicators.

### **Strategic HRM**

HRM encompasses SHRM (Schuler and Jackson 2005; Boxall and Purcell 2008), which is a more specific approach to managing people to improve organizational performance and measures the impact of these strategies on organizational performance (Boxall, Purcell and Wright 2007). SHRM can be expressed in terms of planned human resource activities and deployments designed to achieve an organization's objectives (Wright and McMahan, 1992). SHRM integrated the HRM activities with organizational strategic objectives in an organizational context. It also assumes that effective HRM activities improve organizational performance (Schuler and Jackson 2005). The concept of SHRM evolved in a number of ways. These include the development of theoretical frameworks, views about the specific contributions to organizational performance and the specific 'bundles' of HR practices which include high performance work systems (HPWS) which consist of selective recruitment and selections, extensive employee development and participation in decision-making (Arthur 1994; Huselid 1995; MacDuffie 1995; Pfeffer 1998; Combs, Liu, Hall and Ketchen 2006; Macky and Boxall 2008). Further, interest has been shown in the scope of SHRM, issues associated with the execution and implementation of the HR strategies, the measures of the outcomes of SHRM and the development of international HRM (Schuler and Jackson 2005; Lengnick-Hall et al. 2009).

### **Sustainable HRM**

Sustainable HRM can be defined as "those long-term oriented conceptual approaches and activities aimed at a socially responsible and economically appropriate recruitment and selection, development, deployment, and release of employees" (Thom & Zaugg, 2004). Sustainable HRM focuses on increasing the employees' employability; using a participatory management approach to enhance individual responsibility and ensuring an environment of work-life balance (Zaugg, Blum & Thom, 2001).

Sustainability as a concept for HRM can be supported by following arguments: i) organization functions in economic and social environments and HRM cannot avoid the societal discussion on sustainability, requirements to make an input to sustainable development; ii) due to the scare human resources, aging population and more concern to work-related health problems sustainability of HRM it becomes essential for surviving of organizations.

**Figure 1:** Key dimensions and factors affecting the implementation of sustainable human resource management.

Dimension	Criteria	References
Social Sustainability	Social infrastructure	(Chan and Lee, 2008; Chiu, 2003; Daly, 1973; Dobson, 1999; Dyllick and Hockerts, 2002; Enyedi, 2002; Gladwin et al., 1995; Hinrichsen, 1987; Melorose et al., 2015; Omann and Spangenberg, 2002)
	The availability of career opportunities	
	Accessibility	
	Ability to fulfill the psychological needs	
	Social justice	
	Social sustainability design	
	Social sustainability	
Environmental sustainability	Corporate social responsibility	(Arulrajah, 2015; Bramley et al., 2009; Dempsey et al., 2011; Han et al., 2013; Hopwood et al., 2005; Littig and Griessler, 2005; Peneda Saraiva and Silva Serrasqueiro, 2007; Randolph, 2004; Teck Hui, 2008)
	Green job design	
	Green human resource planning	
	Green employment	
	Green selection	
	Implementation of green policy	
	Green Performance Evaluation	
	Green training	
	Green encouragement system management	
	Green health and employee safety management Employee Discipline Green Management Employee green relations	
Economic Sustainability	Human Resource efficiency	(Bangwal and Tiwari, 2015; Cherian and Jacob, 2012; Jackson et al., 2011; Mandip, 2012; Munasinghe, 1993; Road and Kingdom, 2013; Wright and McMahan, 2011)
	Re-engineering	
	Cost reduction strategy	
	The senior management commitment to economic sustainability	
	The development of facilities	
	Macroeconomic policies	

Source: Tooranloo et al. 2017

## Review of Literature

Several studies related to sustainability, strategic HRM and sustainable HRM analyzed. There is very rich literature on sustainability and strategic HRM. But, sustainable HRM is emerging field, growing rapidly. Various studies showed the relationship between sustainability and human resource management; and establishing a new approach as sustainable human resource management. Figure 2 shows the sustainability and HRM studies.

**Figure 2: Review of sustainability and HRM studies**

S. No.	Authors	Variables	Conclusion
1.	Ehnert, 2006	Sustainability issues and human resource management	The Sustainability perspective of HRM raises awareness for ambiguities and dualities in HRM, unintended negative side effects of HR practices, social rationalities.
2.	Ehnert, 2009	Sustainability and Human resource management	Sustainable HRM is about to change a traditional way of managing the human resources for long term viability and sustain development. This approach covers to treat HR socially responsible and to foster well-being and health in dimensions of social justice and social legitimacy.
3.	Freitas, 2011	Sustainable HRM and sustainable organizations	Human resource management has started to frame various HR practices and development activities in support to human, social and environmental outcomes. Thus, it's seen as an evolution of a new approach-sustainable HRM which contribute to achieve sustainable development in organizations.
4.	Dubois, 2012	Sustainable HRM and Social & Environmental Sustainability	Due to the scarcity of natural resources, population growth and environmental issues, natural environment have a disruptive impact on employees and performance of the organization. A whole-system ecological approach design and implement human resource practices which support environment sustainability.
5.	Stankeviciute, 2013	Sustainability and Human Resource Management	Three different approaches (normative, efficiency – oriented, substance - oriented) are creating linkage between sustainability and HRM in term of sustainable work system, sustainable resource management to get a

			supply of motivated, skilled employees and to control the negative effect of HRM.
6.	Venkatesh, et al. 2014	Sustainable development and the role of HRM	HRM practices such as employees autonomy, training & development, E-HRM, charity programs, etc. are playing significant role in adopting sustainable HRM. The environmental protection and sustainable resource development are more concerned by employees is promoting sustainable development by IT companies.
7.	Mazur, 2014	Sustainable Human Resource Management: theories and practices	Sustainability is the integration of economic, environmental social opportunities towards wealth creation for organization in long term period. HRM practices play the vital to gain 'sustained competitive advantage'.
8.	Kramer, 2014	Strategic HRM and sustainable HRM	Applications of sustainability concepts in human resource management emerged a new approach- Sustainable HRM which has different features from Strategic HRM. It acknowledges social or human outcomes rather than financial outcomes.

Source: author drawn on literature basis.

### Predictors for paradigm shift from *Strategic HRM* to *Sustainable HRM*

#### *i) Social and Environmental Outcomes*

Sustainable HRM designs HRM practices which contribute to both positive ecological/environmental as well as human/social outcomes, with the intentional aim of achieving economic results (Ehnert 2006). It concerns to display good social/human and ecological/environmental practices have a positive impact on a business's financial performance (Orlitzky et al. 2003; Branco and Rodrigues 2006). Further, companies involved in ethical investments have been shown to have better financial performance compared to other companies (Collinson et al. 2007). It is also shown that markets reward those companies which are environmentally responsive (Schnietz and Epstein 2005; Wahba 2007). Performing good in social/human and environmental outcomes, represents a form of strategic investment and is a means of satisfying a variety of stakeholder expectations (Kramar, 2014).

**ii)** *Sustained competitive advantage*

In HRM literature, recent research focuses on explaining that how human resources and HRM practices can provide a sustained competitive advantage (e.g., Wright & McMahan, 1992; Wright et al., 1994). Organizations can gain a sustained competitive advantage by implementing value-based strategies that differentiate them from their competitors and are hard for competitors to imitate (Barney, 1991). If human resources are valuable, rare, non-substitutable, and inimitable, they are considered as important and strategic and enable the organization to gain a sustained competitive advantage (Barney, 1991). Wright and McMahan (1992) also stated that human resources can be sources of sustained competitive advantage.

**iii)** *Sustainable Work system*

It supports for understanding the concept of sustainability based on the WCED definition that sustainability is a multifaceted concept, the approach does not try to offer just one truth or “one unified message, but rather, different impressions on sustainability” (Docherty *et al.*, 2002). Docherty et al. (2002) stated that sustainability includes three levels: the individual, the organizational and the societal. These levels are related to the organization's key stakeholders: personnel, customers, owners and society. Sustainability at one level cannot be built on the exploitation of the others. The sustainable work system helps to achieve a balance between stakeholders' needs and goals at different levels simultaneously (Stankeviciute & Savaneviciene, 2013). The sustainable Work System is related to using up human resources physically, cognitively, socially and emotionally. Sustainable Work System creates between working life quality and performance of the organization (Ehnert, 2009b). Sustainable Work Systems put forward: 1) supply of qualified and motivated human resources can be ensured putting more stress on the regeneration and development of human and social resources (Docherty *et al.*, 2002); 2) to minimize the effects of the negative HRM due to system and processes which leads to human resources utilization or growth (Ehnert, 2006).

**iv)** *Green HRM*

The term Green HRM has become a hot topic in recent research work since the awareness of environmental management and sustainable development has been increasingly rising day by day all round the world. Green HRM not only includes awareness about environmental affairs, but also for the social as well as economical well-being of both the organization and the employees (Ahmad, 2015). “Green HRM is the use of HRM policies to promote the sustainable use of resources within organizations and, more generally promotes the causes of environmental sustainability” (Marhatta & Adhikari, 2013). GHRM is directly creating green workforce that understands, appreciates, and practices green initiative and maintains its green objectives all throughout the HRM process of recruiting, hiring, training, compensating, developing, and advancing the firms human capital (Mathapati, 2013, p. 2). It refers to the policies, practices, and systems that make employees of the organization green for the benefit of the individual, society, natural environment, and the business (Opatha & Arulrajah, 2014, p. 104).

## Discussion

The paper provides insights on the relationship among sustainability, strategic HRM and sustainable HRM, the rationality of sustainable HRM for the organization. Further, reviewed the literature i) to understanding the relationship between strategic HRM and sustainable HRM, ii) to study the dimensions of sustainable HRM, and iii) reasons for a paradigm shift from a strategic HRM to sustainable HRM. Different meanings of sustainability for HRM (normative, efficiency-oriented and substance oriented) and exhibit that sustainability had a perspective of social responsibility to economic rationality: Sustainable Work Systems approach understands sustainability as a social responsibility, the Sustainable Resource Management examines sustainability as an economic rationality (Ehnert & Harry, 2012). Literature highlighted that sustainability and human resource management have strong relationship and both concepts can build a new approach as sustainable HRM. In addition, sustainable HRM is one step forward of strategic HRM because strategic HRM has only financial outcomes, whereas sustainable HRM has financial outcomes as well as social/environmental outcomes. Also, the strategic HRM approach is fraught with difficulties; including failing to take into account of various stakeholder requirements, the reality of HRM inconsistencies within organizations, the ambiguities, paradoxes and dilemmas of HRM practice and inadequate account of external influences (Kramar, 2014). There is a need for more discussion on what sustainable HRM is, what is the role of HRM in implementing the idea of sustainability in the organizations and what is the role of HRM in developing sustainable HRM? As consequences of actions, there is a need for an empirical research on how organizations and employees perceive sustainable HRM, and, how sustainable HRM implemented.

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