Human Resource Management and Organizational Sustainability

Wike Young Chibulanotu

Department of Human Resource Management
Faculty of Management Sciences
Rivers State University, Port Harcourt
chiyoung64@mail.com

Abstract: The issues of environmental and social sustainability are high in the international political agenda, and business groups now assert that these two sustainability domains are among their top priorities. This paper critically examined human resource management and organizational sustainability. For corporate organizations, achieving long-term environmental, social, and financial sustainability presents a number of difficulties. It also presents difficulties for supervisors, decision-makers, and workers. Management frameworks and concepts, such as performance and human resource frameworks, are challenged by sustainability. This paper is specifically concerned with the management of human resources. The concept of organizational performance, sustainability, and the connections between these concepts and human resource management are all explored in this essay. This study utilizes documentary analysis to ascertain the relationship between human resource management and organizational sustainability. The theoretical analysis shows that the majority of the existing research is grounded on a mechanical and static worldview. An understanding of the dynamic connection between human resource management, organizational performance, and sustainability is constrained by such a viewpoint. An alternative view is proposed and the implications for human resource management, organizational performance and sustainability are explored. Due to the continuous automation of simple manufacturing processes, the number of workspaces with a high level of complexity will increase, which results in the need of high level of education of the staff. And for this, advanced techniques and innovative ideas are required to be used. The paper presented the development of a competence model and shows an approach of how companies and human resource management can make use of it to meet arising challenges in Industry 4.0. Also, an overview of the challenges and opportunities that would influence the future of human resource management was proposed. Based on this, the study concludes that

Keywords: Human resource management, Performance, Sustainability, Theory

INTRODUCTION

Sustainability issues are a major concern for many commercial organizations and are currently high on the international political agenda. Managers, policy makers, and employees must reevaluate their definitions of organizational performance and the goal of management practice in light of the expansive definition of sustainability, which includes financial, environmental, and

social long-term goals. The 2018 O'Donnell et al. It also necessitates a review of the methods to be used to achieve these long-term goals. Practices in human resource management are crucial for fostering corporate culture and capability development, and they consequently support long-term results. A further result of sustainable practice and a link between sustainability goals and organizational performance are human resource practices and the outputs of these practices, such as creative, risk-taking, and inventive capacities.

The relationship between sustainability, organizational performance, and human resource management will be the main topic of this essay. The study question investigates whether human resource management can improve organizational performance and sustainability. This challenging inquiry explores the connections between vaguely defined ideas that are influenced by presumptions about the universe and the nature of organizations. In addition to reviewing the literature on the connections between organizational performance, human resource management, and sustainability, examining the research topic necessitates evaluating the prevalent worldview that shapes this literature. The definitions of organizational performance and human resource management are expanded when using an alternate world view to analyze this relationship.

The literature can be divided into three primary categories: the connection between human resource management and organizational performance, the role of HRM in sustainability, and the link between ORM and sustainability. The relationship between human resource management and organizational performance as well as the mechanisms by which it contributes to organizational performance are examined in the first section of the essay. This section also examines the connection between organizational performance and sustainability as well as the function of human resource management techniques in advancing sustainability goals. The second section looks at the concepts of organizational performance and human resource management, as well as the worldview that underpins most of the material mentioned above.The final section explores the implications of an alternative view of the world and organizations for the concepts and practice of human resource management, organizational performance and sustainability.

CONCEPTUAL FRAMEWORK
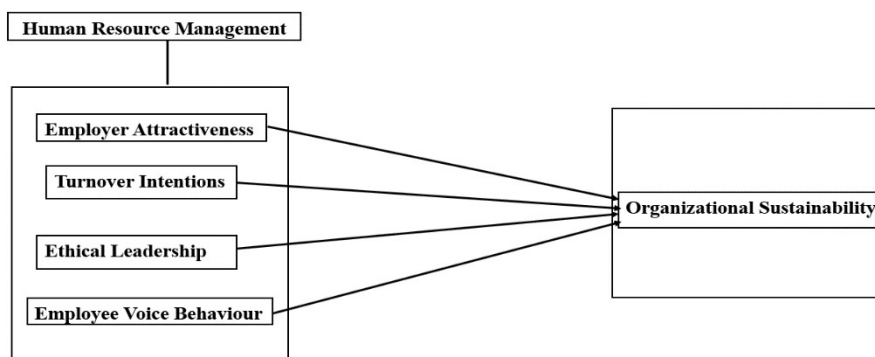
Sources: Mackin and Vignoles (2019), Hinkley (2018) and Turker (2018)

LITERATURE REVIEW

Overview of the Relationship between Human Resource Management, Organizational Sustainability and Performance

The terms organizational performance, sustainability and human resource management are the subject of considerable debate. The definitions of these terms vary according to particular stakeholder interests, the time frame used and the national and industry contexts being considered (Hall & Vredenburg, 2019). However, irrespective of these factors, organizational performance and sustainability are inextricably linked: organizational performance contributes to the sustainability of the organization. For the purposes of the first part of this paper, the definition of sustainability and organizational performance are those which are explicitly or implicitly embodied in the operation of businesses in a neo-liberal form of capitalism and the management theories, such as strategic human resource management (SHRM) which have been developed to support the operation of organizations in this economic system. Sustainability is therefore defined as the long term survival of the organization. Organizational performance refers to both short term and long term measurable outcomes which contribute to the sustainability of the organization. These outcomes could include financial, human/social and environmental outcomes. However, the emphasis is on the way these outcomes contribute to the long term financial survival and adaptation of the organization.

Human resource management (HRM) and SHRM refer to the systems of practices used to manage people and teams who do the work of an organization and to those practices used to build the relationships between organizations and external stakeholders (Turker, 2018). The ultimate purpose of HRM/SHRM is to further organizational performance and the sustainability of the organization. The contribution of HRM/SHRM to competitive advantage has been a dominant theme in the literature (O`Donnell, *et al.,* 2018).

Human Resource Management and Organizational Performance

Various approaches have been developed to support the important influence of human resource management on organizational performance (Mackin & Vignoles, 2019). Studies reveal a number of mediating factors that contribute to organizational performance. These include HRM's capacity to influence aspects of organizational outcomes, particularly individual capabilities and organizational capabilities which contribute to organizational performance in the short term and long term. HRM practices have been shown to further organizational performance by developing individual capabilities such as knowledge, skills, abilities as well as behaviours and attitudes. Studies also show HR practices contribute to the development of inimitable cultures, and organizational capabilities such as innovation and knowledge management.

Although there are semantic difficulties associated with the terms HRM and SHRM, it is possible to identify HRM and SHRM as those practices which positively impact on organization outcomes and organizational performance (Turker, 2018). Central to the notion of SHRM is the assertion that an explicit organizational strategy provides the framework for the development of human resource management practices. A prominent body of research indicates that high performance work practices (HPWPs), such as incentive compensation, training, information sharing, employee participation, selective selection and recruitment, an egalitarian culture and teamwork are practices

which contribute to organizational performance. SHRM theory asserts there should be a 'strategic fit' between HPWPs and organizational strategy in order to improve performance.

A meta-analysis of research on the link between HPWPS and organizational performance found that HPWPs did positively impact organizational performance, however the practices of performance appraisal, teams and information sharing were not shown to have a positive impact (Mackin & Vignoles, 2019). The analysis also found systems of practices, rather than individual practices had a stronger impact and that the positive relationship between human resource practices and organizational performance existed irrespective of the performance measure used. Context was found to influence the size of the impact of the HPWPs-organizational performance relationship, with impact being double in manufacturing than it was in services. Although Boudreau and Ramstad (2019) identified organizational strategy as a moderator between HPWPs and organizational performance, they were unable to test for this link because of the difficulties in coding studies according to the appropriateness of the strategic fit of the organizations in the studies and the lack of information about the correlations between organizational performance and strategy-HPWPs .

Particular HRM practices such as training and development, effective selection, performance feedback and performance pay can often improve employee productivity and performance so people display the necessary capabilities to further organizational objectives (Koh & Boo, 2019) . HRM practices are also able to create a positive psychological contract between the employee and the employer. This can result in increased trust, commitment, organizational citizenship, engagement and a sense of fairness (Mackin &Vignoles, 2019).

Although the concept of organizational capabilities can be understood in a variety of ways, a commonly accepted definition refers to organized activities which enable the achievement of significant outcomes within a large scale unit of analysis with a recognizable purpose. These activities are developed through conscious intent (Hinkley, 2018) and indicate an organizational ability to balance continuity and change in rapidly changing circumstances. Organizational capabilities such as innovation and knowledge management, contribute to organizational performance. As mentioned previously, it has been shown that a variety of human resource management practices contribute to the development of these capabilities and to the organizational change and development resulting from these capabilities.

Organizational Performance, Sustainability and Resource Management

The studies referred to above have focused on performance in terms of financial and tangible outcomes. These are essential for the longer term survival of an organization and its sustainability, however, there are indications that social/human and environmental outcomes are also important for organizational sustainability. It has been shown an organization's financial performance can be improved in a number of ways. These include addressing human/social outcomes by providing internal benefits such as developing capabilities, providing career opportunities, work-life balance programs and an ethical culture. In addition, addressing environmental outcomes of the business have been shown to positively influence corporate reputation and image (Hinkley, 2018).

These practices contribute to organizational performance through improved employee perception of the organization, improved morale and job satisfaction, an ability to attract and retain employees, a greater sense of organizational justice and employee commitment (Guest & Conway,

2021). These outcomes contribute to greater cost efficiencies through lower salaries, increased productivity, reduced turnover and lower recruitment and training costs. Therefore, performing well on social, human and environmental indicators represents a form of strategic investment that has a positive impact on financial   outcomes (Boudreau & Ramstad, 2019).

The term   corporate social responsibility (CSR) or corporate social performance (CSP) has been used to refer to an organization's performance along a range of performance indicators: financial, human/social and environmental. Although there a range of systems and debates about what constitutes CSR, a commonly held view is that organizations are responsible to the society in which they are part (Hinkley, 2018). However, it is noteworthy that the 'economic rationale' dominates the research on the relationship between CSR initiatives and organizational   performance. An analysis of research on CSP/CSR found 121 studies empirically examined the relationship between CSR and financial performance. The study found 100 of these studies were concerned with the relationship between CSR and financial outcomes, rather than social   performance.

It has been shown that environmental and human/ social outcomes are interrelated and contribute to organizational sustainability (Greening & Turban, 2020). Relationships between the development and implementation of an environmental management system, human resource policies and the development of capabilities necessary for an organization's sustainability have been demonstrated in a number of studies. The development and implementation of advanced environmental policies and capabilities are dependent on the creation of HRM policies that create trust between employees, management and the communities in which the organization operates.

The above review suggests that organizational performance and sustainability can be furthered by moving beyond the traditional performance indicators such as financial and marketing targets. An organization could benefit from the use of social and environmental measures which contribute to the future success of the organization and to the welfare of future generations (Boudreau & Ramstad, 2019). Although the rational for the adoption of these broader performance measures rely on their contribution to short term and long term financial outcomes, the use of these broader indicators require an acknowledgement that various stakeholders will have different perceptions about sustainability, success and organizational performance. This raises additional challenges about the need to manage a variety of stakeholders and stakeholder   relationships.

Outcomes of Sustainable HRM

1)   Sustainable HRM and Employer Attractiveness: The self-concept of the employee can be enhanced by comparing its organization against the less favourable ones. This is the reason that organization's reputation and positive image contributes in clarifying the individual self-concepts. By strongly communicating about SHRM, organization helps in building up strong employment relationship in lieu of which potential employees will be attracted toward organization and they will consider the organization as a better place to work with   contentment.

2)   Sustainable HRM and Turnover Intentions: Effectiveness of any new policy or practice could be judged from its outcome. Guest and Conway (2021)The outcomes of strong sustainable HRM performance include not only support for the achievement of broad sustainability business objectives, but also measurable contributions to HRM performance, including lower employee turnover, improved employee well-being, and an overall increase in employee engagement, and motivation. Organizations   have been trying to innovate with new strategies to secure potential

employees and maintain a long-term supply of them, in order to achieve performance goals. This would by default reduce the turnover costs and control the loss of tacit   knowledge.

3)   Ethical Leadership and Sustainable HRM: Self-concept theory advocates the importance of ethical aspects in HRM, which impact specific job related outcomes such as employee loyalty, motivation, and turnover intentions. The ethical nature of leaders would lead to transparency in the business process and helps the firm to achieve its sustainability goals (Boudreau & Ramstad, 2019).Being ethical at workplace also results in positive organizational behaviour, which in turn helps for a longer   HR base.

4)   Sustainable HRM and Employee Voice Behaviour: In order to understand employee voice, it is essential to first appreciate participative management. Employee voice is concerned as promotive voice is offering inventive ideas for organizational development. Positive voice and discretionary behaviours are vital elements of promotive behaviour.

5)   Corporate Sustainability Perceptions and Sustainable HRM: In sustainability-driven organization, HR is critical for achieving success. For becoming an ongoing change process, sustainability should be practiced at every step of doing business and should be rooted across an organization at all levels. The goal is to understand that whether they have begun to incorporate the topics that are associated with SHRM into the respective organizations they operate in and what is their viewpoint about HR's role in an   organization's sustainability.

Challenges Faced by HRM

The paper reviewed several factors that should influence the future of HR in organizations, including changes in the economy, globalization, domestic diversity, and technology. Following are some challenges that will affect the future of   the field:

1)   Rise in globalization: Globalization in this context refers to organizations that operate on a global or international scale. Guest and Conway (2021) Due to globalization, the Human resource managers are needed to play challenging roles and create competitive profitability for their concern. Global firms have to continually reorganize their function and refocus their energies around their crucial areas of competence. Today the business environment has become highly changing in   nature. Organizations   operating in a global environment face a number of new challenges including differences in language and culture of employees, etc. Multinational corporations (MNCs) are large companies operating in several countries that are confronted with new questions, including how to create consistent HR practices in different locations, how to develop a coherent corporate culture, and how to prepare managers to work in a diverse cultural environment.

2)   Recruitment, Retention and Motivation: This may be the most challenging issue that challenges HR today. Boudreau and Ramstad (2019)Human resource professionals anticipate that retaining the best employees will be the greatest HR challenge in 2022, according to a November 2012 poll by the Society for Human Resource Management. Predictions indicate there will be a lot of people looking for new jobs when the economy improves. Employers today have to find new methods to attract talent through social media, postings on job boards and even other traditional methods such as attending job fairs and sending out promotional mailings to generate

interest. Finding out why people are leaving and addressing the issues is a role HR also plays a prominent role to develop the skill of employees.

3)   Increased age and generational diversity: Along with the aging workforce, there comes many new challenges for HR. For instance, given the shortage of skilled workers there is a growing concern about the retention of skilled fresher (Wan & Huang, 2019). One reason for this is that the freshers often have unique skills and abilities that are critical to organizational success, and companies are justifiably worried about retaining them in their roles until qualified replacements can be found or trained. In order to retain these individuals, organizations will need to increase flexible work arrangements, allow part-time work, provide a supportive environment, and employ recognition systems to motivate them to stay with the organization.

4)   Competitors: Competition in a special industry plays a very prominent role in the Human resource functions and activities. If many companies make job offers to one individual, the organization with more attractive terms and conditions will win. As the number of competitors' increases, the importance of staffing function and compensation practices also increases. When due to competition, employees with particular skills will have to train their own employees through proper planning, training and development activities.

5)   Political-Legal Factors: The political-legal environment covers the impact of political institutions on the Human resource management department. All activities of Human resource management are in one way or the other affected by the factors (Wan & Huang (2019). To be specific, Human resource planning, recruitment and selection, placement, training, salary, employee relations and retirement are governed by the legal process.

6)   Social and Cultural factors: Social and Cultural factors represent another important concern affecting HR management. Social factors need to take into account equalities and diversity in particular. Even the culture is composed of the societal forces affecting the values, beliefs, and actions of a distinct group of people. Cultural differences certainly exist between nations, but significant cultural differences exist within countries also.

Empirical Studies

Guest and Conway (2021), in his research has said spreading the word about Sustainability initiatives may fall to more than one department but human resource plays an important role, it is important for human resource professionals to have conversations with employees and the community at large about the implications of advance techniques and innovative ideas.

Boudreau and Ramstad (2019) stated that the future of HRM will be built on innovation and creativity, in nutshell innovation and creativity approaches were needed towards quality of life, environmental improvements through the healthy, sustainable, vibrant community theme. In summary it was said that money and support of employees can put HRM on the road to environmental Sustainability.

Wan, and Huang (2019) contributed significantly to the field of sustainable HRM by applying the paradox theory as an underlying approach for sustainable HRM. Wan, and Huang (2019) emphasize that sustainability creates situations when organizations need to simultaneously address multiple desirable, but conflicting economic, environmental, and social outcomes at company, and societal levels. The success of an organization depends on its capability to integrate the interests

of different stakeholders, and given the fact that integration is realized through the human resource management function.

CONCLUSION

Sustainability requires a new way of thinking about business success. It requires a rethinking of the notion of business success, organizational performance and a clarification about the meaning of sustainability for the business and for the broader society. HRM could have a significant role in furthering broader organizational outcomes and, in particular sustainability outcomes. However, most recent attempts to further sustainability and organizational performance have been grounded in a view of the world based on a mechanistic, incomplete view of the market, organizations and individuals.

The paper recognizes the resistance in the simultaneous exploration of sustainability and its relationship with human resource management. Human resource management practices should focus on the needs of employees and their families and go beyond the mere fulfilment of legal regulations. This would include training and development opportunities, career management, democracy in the workplace and employees' participation. It should also focus on social responsibility initiatives, observing the interests of internal and external participants and striving for short term efficiency and long-term sustainability. This article adopts a multi-dimensional approach. The contribution of this review is to provide an in depth analysis of each attribute of sustainable development at different levels. The study summarizes various conceptual and empirical findings, provides a clear definition of all HRM functions, identifies certain research gaps in the literature along with a proposed model which synthesizes how human resource management can contribute to business sustainability.

To more completely understand the relationship between HRM, organizational performance and sustainability a more comprehensive, non-linear view of the world and a non-rational view of individuals needs to be adopted. When the relationship is considered in this context, different questions will emerge, research methods will need to be able to deal with dynamic change and the nature of the concepts will be much broader.

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