

ROLE OF HUMAN RESOURCE MANAGEMENT IN SUSTAINABLE DEVELOPMENT

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ABSTRACT

In today's era, new strategic approaches for holistic human resource management are needed to cope-up with knowledge and competence challenges related to new technologies and processes of Industry 4.0. Also, firms are becoming increasingly aware of the importance of social, ethical, and ecological objectives. In addition to financial profit, organizations are setting themselves new goals, focusing on individual, communal, and environmental-friendly performance and development. One of the disciplines that is promotes "green" organizations is Sustainable Human Resource Management (SHRM). Sustainable development goals (SDGs) are achieved through the adoption of new ecological techniques by the organization's human capital and by the integration of innovative sustainable strategies. They define the pattern of planned or emerging HR strategies and practices intended to enable the achievement of financial, social and ecological goals while simultaneously reproducing the HR base over a long term. They primarily focus on manufacturing and large scale service organisations. 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. This paper aims to present 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, we will give overview on the challenges and opportunities that would influence the future of human resource management.

KEYWORDS: Sustainability, Human Resource management, Industry 4.0, advance techniques, Innovative ideas, manufacturing process.

INTRODUCTION

The concept of sustainable development has been highlighted as a major focus in the world today. It enables individuals and companies to meet their current needs without hampering the environment for the future generations to fulfill their needs. Success in industry 4.0 is also dependent on the innovation capability. Hence companies have now developed a greater sense of responsibility with a greater focus on environmental sustainability. Thus, the Human Resource Management (HRM) has become one of the important drivers of sustainable development. They have a major role to play in designing efficient strategies which align with the company's values and culture, investors expectations, meeting government rules and regulations, and most importantly, initiate environmental friendly practices and awareness among employees. Since its first introduction in the early 1980s, essential functions of this concept were focused on human resources as well as the recruitment, selection, staffing, retention and release of employees. Focusing on all activities concerning the professional education, learning and training of individuals and teams, this function heavily influences the organizational development. If organization needs to be smart, they need intelligent

employees, and climate for learning and innovation, which requires suitable management practices. Management for industry 4.0 is indeed a very important issue. It needs to develop capabilities across different dimensions in the organizations. There is need to develop capabilities to successfully manage business model, to access potential market and customers, to enhance value chain processes and systems, risk management and legal matters, and cultural management because of globalization. So, it is extremely important to discuss that how HRM enhance their capabilities which leads to innovations, to match the requirements of industry 4.0. That's why by integrating the literature with the logical beliefs, this study proposes several management practices to make the organization compatible with the future development by developing a climate of learning and innovation, which can ultimately enhance the organizational capabilities.

METHODOLOGY

The different conceptions of sustainable human resources management are reflected in the various nomenclatures that are currently being used. This paper classifies according to the following criteria: conceptualization, level of analysis, outcomes, implementation techniques, and barriers. With regard to Sustainable Human Resource Management (SHRM) implementation and outcomes, we identify data from the selected articles using the level of analysis as our classification criterion. With this approach, the benefits of SHRM were revealed at organizational, sector, and cross-national dimensions. This paper serves as theoretical foundation by pointing out the importance of human resource management and competence development for a company's strategy. It also highlights the potential applicability of the developed competence model and elaborates how HRM can be used for an Industry 4.0 readiness analysis of employees and how qualification strategies can be derived. Further, a proposed model is also shown showing a great impact on the development. With this approach, the benefits of SHRM were revealed at organizational, sector, and cross-national dimensions.

LITERATURE REVIEW

Based on Teece's (1996) and Stephen King(2004) discussion, this study mainly focuses on the following three broad types of management practices:

- (1) Cooperation and coordination across business units or divisions at the firm as a whole;
- (2) Human resource management with regard to R&D personnel; and
- (3) Restructuring the organization of R&D.

Stephen King (2004) 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.

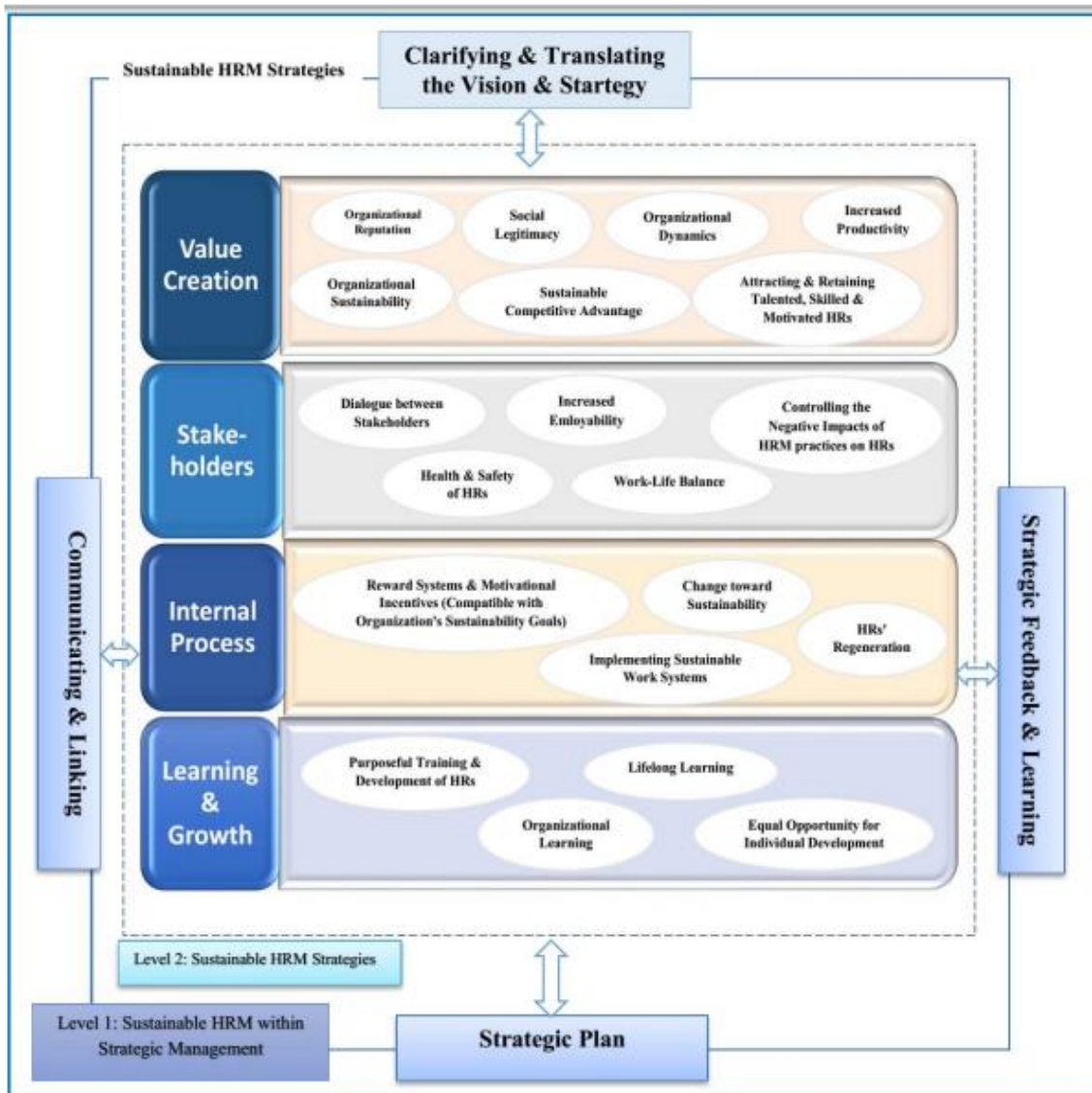
Malt Bolch (2008), in his research has said spreading the word about Sustainability initiatives may fall to more than one department but human resource plays an important role, it is important for human resource professionals to have conversations with employees and the community at large about the implications of advance techniques and innovative ideas.

Ehnert [1970] contributed significantly to the field of sustainable HRM by applying the paradox theory as an underlying approach for sustainable HRM. Hahn, Preuss, Pinkse, and Figge [73] 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. According to Guerci et al., 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.

CONCEPTUALIZATION OF SHRM

First of all, it is important to distinguish between strategic HRM and SHRM, as they have different roles in the organization. Developed in the late 1970s and 1980s, strategic HRM goals are typically firm-oriented while SHRM objectives are deliberately communal-oriented. As for the conceptualization of sustainability from the HR viewpoint, Ehnert et al. present a sophisticated framework for SHRM, defining it as “the adoption of HRM strategies and practices that enables the achievement of financial, social, and ecological goals with an impact inside and outside the organization and over a long-term time horizon. The central role of strategic HRM focuses on the financial and economic outcomes of the organization’s labor force, implementation of HR practices, and monitoring of the human capital. On the other hand, SHRM places the emphasis on developing an innovative workplace with internal and external social involvement, on increasing awareness and responsibility toward environmental preservation, and on improving the distribution and consumption of resources to promote organizational success in a competitive environment. Ehnert also argues that sustainable development requires the co-existence of the following three interpretations: human responsibility, firm efficiency, and resource management. Moreover, Jabbour and Santos justify the choice of HRM as a key factor contributing to sustainability performance, for four reasons: “HRM is considered as a potential foundation for the advancement of sustainability in the organization; both HRM and sustainability need long-term planning and determination to induce economic outcome; to promote sustainable performance is the new paradigm of HRM; and to enhance the effectiveness of HRM practices by satisfying various shareholders’ needs”.





ROLE OF SHRM IN INDUSTRY4.0

A dynamic era of change in the world of work will introduce the Fourth Industrial Revolution or Industrial Revolution 4.0, which will be shaped by a range of new technologies and innovations that bring us driverless cars, smart robots, Virtual Reality (VR) for the digital world, the Internet of Things (IoT), connected devices, artificial intelligence (AI) and 3D printing. Technology is a changing industry and according to Professor Klaus Schwab, the Industrial Revolution 4.0 will bring new opportunities for work and have the potential to connect billions more people to the web as well as drastically improve the efficiency of businesses. These new technologies will impact all disciplines and industries, and even challenge us about what it means to be human. In most cases employees will require retraining and new training in learning how to operate new applications, and the challenge for HR Management is trying to keeping up with the new trends while running the business.

For sustainability of the development, HR Management must focus on:

1) Identifying the skills for the industry - Find out about the skill set in your workforce and what the company lacks. Look to harness new digital skills amongst your current employees and look for these skills when recruiting for new employees. HR managers need to be aware of specific roles that businesses across the country are struggling to fill so they can train current employees now.

- 2) Asking question “Are the industrialist digitally-focused?” – Some organisations are already trialling 3D printers and drones in order to get ahead of their competitors and keep up with the technological trends. Before looking to attract new digital skilled talent, workforces should be digitally focused themselves.
- 3) Look at the technology that is used in the workplace daily, printers, computers, and smartphones and ask employees if they know how to use these gadgets and tech items. Perhaps it’s time to invest in trialling new technologies and pave way for how your organisation may work in the future.
- 4) Networking and interacting – Companies are changing the way they communicate with internal teams and external clients, therefore workplaces should invest in new forms of communication and collaboration in order to give the management the necessary tools to coordinate virtual teams.

Thus, HR Management need to increase their employees technological capabilities, train human workforce so they expand their skill-set as well as their management, creativity and emotional intellect which robots will not be able to imitate.

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. 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. 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.

DISCUSSION OF PROPOSED MODEL OF SHRM

A theoretical model on SHRM presents:

- (i) The practices that connect human resources management in supporting organizational sustainability and the sustainability concept presented in human resources management practices;
- (ii) Emerging key stakeholders, especially corporate employees.
- (iii) Leadership as a promoter of sustainable development and as a key factor for achieving stakeholders' expectations.

The model synthesizes how human resource management can contribute to business sustainability through some practices, such as: the talent attraction due to the organization's commitment to sustainability; the training and programs for gaining knowledge and development of abilities that contribute to the goals of organizational sustainability; the management of organizational diversity and; internal communication to reinforce the importance of corporate sustainability.

From the perspective of the human resource sustainable management, the managers have the opportunity to improve work relationship. In this sense some assumptions can be emphasized. They are:

- a) The corporation needs to adjust the infrastructures and work systematic within the individual, organizational and social levels, providing the sustainability of long term tactics for professionals with higher or lower qualification;
- b) The company ought to promote the organizational learning and constantly develop the career of their employees, emphasizing it even during crisis.
- c) The company needs to develop practices which enables balance between the personal and professional lives of the employees, through controlling and flexibilizing the daily working hours;
- d) The company ought to include activities of participation and involvement for the employees, aiming to value their capacity;
- e) Lastly, from these human resource sustainable management practices and recognizing the needs of the employees, it is expected that there will be improvement in satisfaction and commitment at work, leading to a gain in productivity and profit for the business.

Some propositions are given below specifying the model which synthesizes how human resource management can contribute to business sustainability:

Proposition 1 - Practices of sustainable human resource management has a positive impact on environmental, social and economic performance of organizations.

Proposition 2 - The sustainability of the human resource management process focuses on attracting, maintaining and developing professionals.

Proposition 3 - Sustainable leadership has a positive impact on sustainable human resources management and organizational sustainability.

In summary, the SHRM model points out that human resource management enables the promotion of social welfare, considering that individuals and organizations can work together, in a reciprocal and sustainable manner, seeking long-term benefits. This research also found evidence that this process only occurs when the leadership establishes share values which influence ethical manner of the employees and better their relationship with the stakeholders.



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. 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. 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 freshers. 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. 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.

CONCLUSION

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.

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