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## **Impact of Sustainable Human Resource Management in Organizational Performance: A Study on Bangladeshi HR Professionals**

Saleh Md. Arman<sup>1</sup>

*The objective of this research paper is to assess how the various instruments of sustainable HRM create an impact on the organizational performance in different organizations operating in Bangladesh. The study conveniently chose 100 HR professionals and collected data by administering a questionnaire consisting of 27 items under 7 sustainable HRM instruments. Quantitative analysis has been made to find out the impact of the above mentioned factors on the overall organizational performance. The study concluded that, human resource recruitment and selection, human resource marketing and disemployment have a positive influence on the organizational performance of Bangladesh.*

**Keywords:** Sustainability, Sustainable HRM, Bangladesh.

### **Introduction:**

The ever changing business world has confronted new challenges in operating activities and business organizations recognize that addressing sustainability issues delivers benefits to society, the environment, and to the companies themselves, through reduced costs and risks of doing business, increased brand reputation, increased attractiveness to talent or increased competitiveness (UN Global Compact & Accenture, 2013). Many companies have started to manage the “triple bottom line of sustainability” by seeking to simultaneously create economic, ecological and social value in order to ensure sustainability (Elkington 1994; Slaper and Hall 2011). The sustainability concept has become a widespread idea and many organizations have included sustainability as one of the key drivers of their business model. It is a process in which a business manages its components and activities in such a way that the people, economy and the environment is getting benefitted and by implementing such a business model ensures the positive contribution to an organization to the environment, society and economy. Human resource can play a critical role in an organization’s ability to build and sustain competitive advantage (Wirtenberg et al 2007). The Human Resource Planning Society defines five key knowledge areas for HR practitioners: HR strategy & planning, leadership development, talent management, organizational effectiveness, and building a strategic HR function (Wirtenberg et al 2007). Losey and colleagues (2005) saw many opportunities in the realm of sustainability for HR to bring important operational competencies and exert strategic leadership. Hitchcock and Willard (2006) took the view that “Sustainability is at its core an issue requiring organizational change and

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cultural change.” Areas in which they saw HR professionals as potentially making a strong contribution were in organization development, especially for their facilitation and conflict management skills, change management, culture change, and alignment of human resource and other systems and processes (Wirtenberg et al 2007). According to Prins et al (2014), research in the area of Sustainable HRM is in emerging phase and generating concepts on how sustainability can be used constructively for HRM, as well as with regard to methods for use in practice. Sustainable HRM is thus considered a field of research in order to develop concepts and ideas to establish sustainable business establishments and operations. As a member of the UN, Bangladesh is also considering for formulating and implementing strategies in implementing SDGs and in line with this compliance, Bangladeshi business organizations, both local and foreign, also think about sustainable practices in business. So, the study on sustainable HRM and to investigate its impact in the day to day business operations is pragmatic.

Before this study, no prior studies have been found in sustainable HRM in Bangladeshi context. Thus, this research could be a primary task in this area in Bangladeshi context. The research question of the study was to find out the actual impact of sustainable HRM practices in the organizational performance. On the basis of the research question, the objective of the study was to assess the extent of sustainable HRM practices in Bangladeshi organizations on various factors or instruments of HRM and its actual impact on the overall organizational performance by administering the survey questionnaire and numerous quantitative analysis tools. This study focused on the specific sustainable practices in various dimensions and its positive impact in the organizational performance. The study conducted on the basis of this research question and the research objective derived from it.

## **Literature Review:**

The term “sustainability” can be used in different aspects which is concerned with “meeting the needs of people today without compromising the ability of future generations to meet their own needs” (World Business Council for Sustainable Development, 2005). Sustainability and sustainable development are synonymously used for the notions ‘long-term’, ‘durable’, ‘sound’, and ‘systematic’ (Filho, 2000). Dyllick and Hockerts (2002) noted that, the term ‘sustainability’ has been influenced mainly by three different stakeholder groups; ecologists, business strategy scholars, and the United Nation’s World Commission on Environment and Development (WCED, 1987), called the ‘Brundtland Commission’. Some authors believe sustainability first appeared as a concept in the forestry sector, before it was adapted by the ecological movement concerned with the over-exploitation of natural and environmental resources (Leal Filho, 2000). While ecologists focus on sustainability’s ecological dimension – the protection of the natural environment – the traditional goal of business strategy scholars is economic sustainability of organizations (Dyllick & Hockerts, 2002). From a business perspective, sustainability has been defined as a “company’s ability to achieve its business goals and increase long-term shareholder value by integrating economic,

environmental and social opportunities into its business strategies” (Symposium on Sustainability, 2001, Wirtenberg *et al* 2007). Evidence is accumulating rapidly that corporate social-environmental performance may be strongly associated with financial and marketplace success (Cusack, 2005; Innovest Strategic Value Advisors, 2006; Wirtenberg *et al* 2007), and that the investment community and corporate people appear to be focused increasingly on the degree to which firms are managed with the compliance of sustainability (Dixon, 2003). The approach of triple bottom line in sustainability focuses on both the external influences of an organization and the internal influences as well. It also views sustainability in terms of short- and longer-term impacts on a variety of stakeholders in a particular organization.

According to Kramar (2014), sustainable HRM refers to social and human outcomes which contribute to the continuation of the organization in the long term, that is to a sustainable organization. It has also been used to refer to HRM activities which enhance positive environmental outcomes, and positive social and human outcomes for their own sake, rather than just as mediating factors between financial outcomes and strategy. Kramer (2014) mentioned some interchangeable terms of sustainable HRM which include sustainable work systems (SWSs; Docherty *et al* 2002), HR sustainability (Wirtenberg, *et al* 2007), sustainable management of HRs (Ehnert 2006, 2009, 2011, 2012), sustainable leadership (Avery 2005; Avery and Bergsteiner 2010) and sustainable HRM (Marriappanadar 2003; 2012). In addition, the term sustainable organization (Dunphy *et al.* 2007) has been used. Although these terms differ in the extent to which they attempt to reconcile the goals of economic competitiveness, positive human/social outcomes and ecological outcomes, they are all concerned with acknowledging either explicitly or implicitly human and social outcomes of the organization, that is, the triple bottom line. Ehnert (2006; 2012) noted that, the Sustainable Management perspective explores “what companies themselves have to do with their environments to have durable access to skilled human resources (Sustainable HRM)”. Her suggestions are twofold. One is, organizations should reduce negative side effects of practices and strategies on the sources for resources. Another is, organizations should ensure the survival of those sources for resources which provide human resources with the skills and motivation required. In other words, sustainable HRM is economically rational for companies to invest in the survival of their sources for resources if the functioning of these is endangered (Ehnert 2006). Sustainable HRM is a long-term oriented conceptual approaches and activities aimed at a socially responsible and economically appropriate recruitment and selection, development, deployment, and release of employees.” (Zaugg & Thom, 2004: 217). Sustainable HRM is interpreted as a cross-functional task (Ehnert 2006). Sustainable HRM could help sustain employee dignity in the case of staff reduction and warranting their employment on the job market (Zaugg & Thom, 2001). Thom & Zaugg (2004) stated that, a sustainable HR policy focuses on implementing proper, transparent procedures for recruitment and retention, training and development, performance management and motivation and employee engagement and it is a conceptual approach and long-term oriented activity in developing socially viable and responsible policies for recruitment and retention, employee engagement, deployment and motivation. Wirtenberg *et al* (2007) mentioned

that, implementing sustainable human resource policies help in creating more productive and motivated workforce which eventually led to organizational success. Ehnert (2009) mentioned that, sustainable HR model is that it anticipates on the short term and long term effects of implementing a policy and measures organizational success in social and environmental dimensions and not just by the financial aspect. It also utilizes the power of human resource management to develop and empower employees by building a conducive work environment.

There is an impact of sustainable HRM practices in the overall organizational performance. According to Zaugg and Thom (2001) there are instruments of sustainable HRM upon which the organizational performance depends. These instruments are, 1) Human Resource Recruitment, 2) Personnel Deployment, 3) Human Resource Development, 4) Human Resource Marketing, 5) Retainment of Staff, 6) Disemployment and 7) Management and Leadership. There is no prior research on how the various aspects or instruments of sustainable HRM influences on the Bangladeshi organizational performance. The study is going to measure this untapped research potential in order to find out the exact impact of sustainable HRM in the Bangladeshi organizational context.

### **Methodology of the study and the model:**

The target population was the HR Professionals who were working in the HR department of the different organizations located in Bangladesh. As the study was concerned with the impact of sustainable HRM in the organization's performance, so the non HR professionals were excluded from the study. The study conveniently chose 100 HR professionals, all of them were Bangladeshi by birth. The sample maintained ethical consideration of not disclosing their name and address in any part of the study. The Questionnaire had been made on the basis of 7 sustainable HRM instruments derived from the research work on sustainable HRM practices in different countries by Zaugg and Thom (2001). The study modified the statements for the survey purpose. Under the seven variables, total 27 items were accumulated. The item distributions were as follows:

Sustainable HRM Instruments	Abbreviations used	No. of items
Human Resource Recruitment and Selection	RS	04
Personnel Deployment	PD	08
Human Resource Development	HRD	03
Human Resource Marketing	MKT	02
Employee Retainment	ER	03
Disemployment	DE	02
Management and Leadership	ML	05
Total surveyed items		27

The survey response had measured by using a 5 point Likert scale designed by Rensis Likert (1932), where “Strongly Agree” considered the highest score, i.e., 5 and “Strongly Disagree” was the lowest, denoted by 1. SPSS 25.0 software used for conducting analysis. Numerous research papers by renowned researchers had been consulted in developing and conducting research model.

On the basis of the research question and objective, the organizational performance considered as the dependent variable. The sustainable HR instruments were the independent variables. The study tested the following hypotheses,

**H1:** Human Resource Recruitment and Selection has a positive impact on organizational performance.

**H2:** Personnel deployment has a positive impact on organizational performance.

**H3:** Human Resource development has a positive impact on organizational performance.

**H4:** Human Resource Marketing has a positive impact on organizational performance.

**H5:** Employee Retainment has a positive impact on organizational performance.

**H6:** Disemployment has a positive impact on organizational performance.

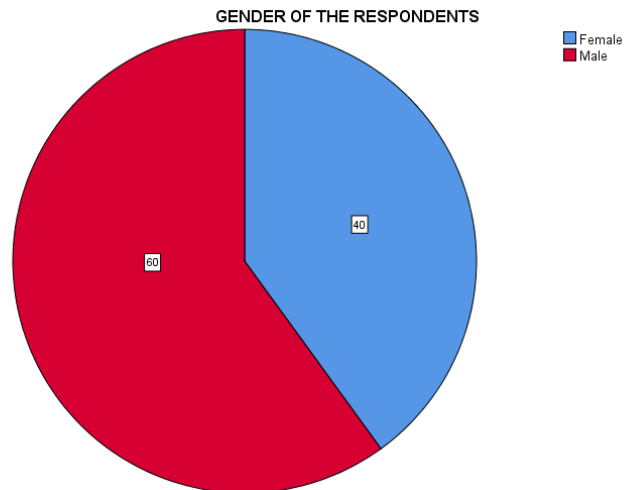
**H7:** Management and Leadership has a positive impact on organizational performance.

Cronbach’s Alpha had calculated for testing the reliability of the study (Cronbach 1951). Demographic information of the respondents had shown in graphs and descriptive statistics had shown in a table. Regression analysis had conducted in order to find out the impact of sustainable HRM in the organizational performance.

## **Analysis and Findings:**

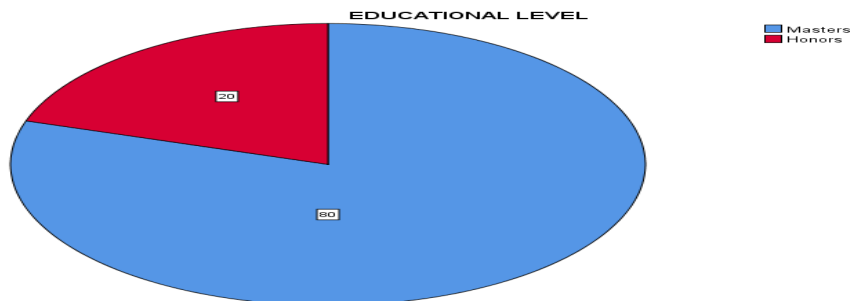
Demographic data of the respondents are given below:

**Figure 1: Gender of the Respondents (n=100)**



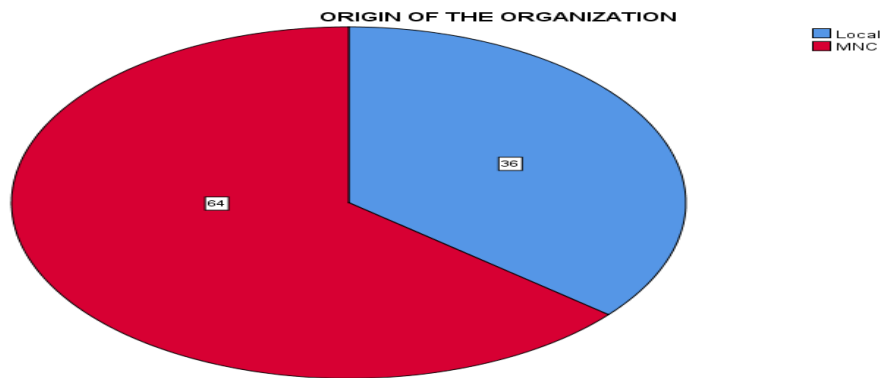
Source: Survey Data of the author

**Figure 2: Educational level of the respondents (n=100).**



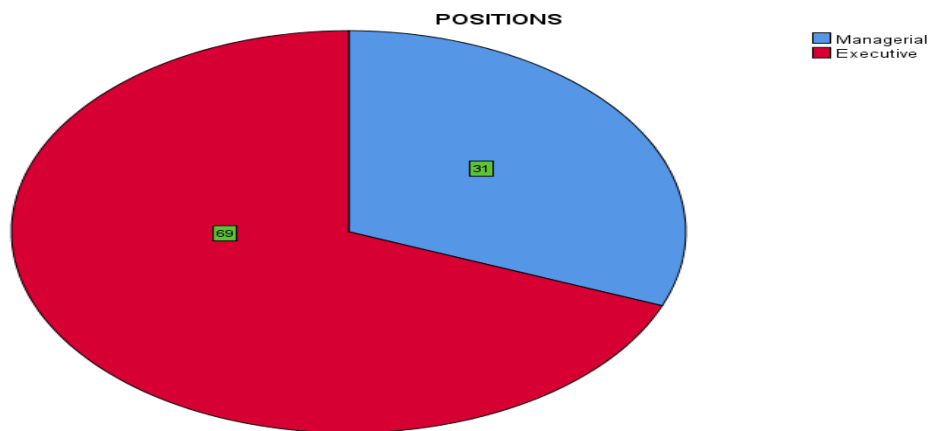
Source: Survey Data of the author

**Figure 3: Origin of the organization (n=100).**



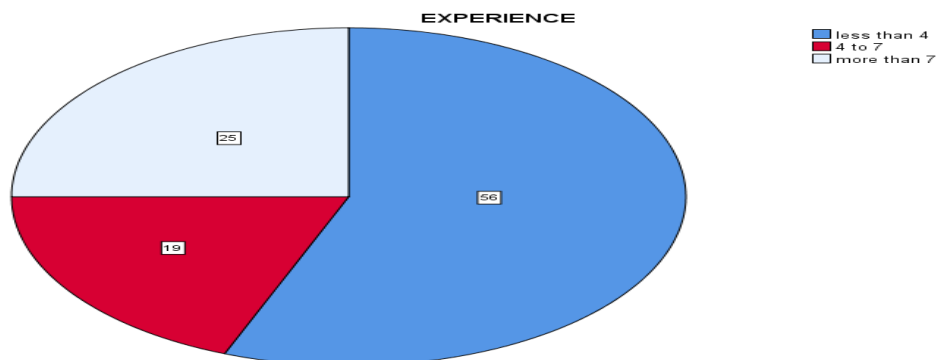
Source: Survey Data of the author

**Figure 4: Positions held by the respondents (n=100)**



Source: Survey Data of the author

**Figure 5: Experience of the respondents in the HR field. (n=100)**



Source: Survey Data of the author



Table 1 showed the descriptive statistics (Mean and Standard Deviation) of the surveyed items.

**Table 1: Descriptive Statistics of the Survey**

	N	Mean	Std. Deviation
St1	100	3.90	.798
St2	100	4.00	.778
St3	100	4.48	.502
St4	100	4.46	.501
St5	100	3.17	.877
St6	100	3.17	.877
St7	100	3.25	.999
St8	100	2.01	.893
St9	100	2.18	.869
St10	100	3.25	.999
St11	100	2.15	.821
St12	100	2.03	.611
St13	100	2.60	.910
St14	100	3.89	1.118
St15	100	3.15	.925
St16	100	3.94	.763
St17	100	4.46	.521
St18	100	3.71	.686
St19	100	3.64	.772
St20	100	3.37	.872
St21	100	3.98	.791
St22	100	4.46	.521
St23	100	3.71	.686
St24	100	3.64	.772
St25	100	3.36	.871
St26	100	3.98	.791
St27	100	4.46	.521
Valid N (listwise)	100		

N.B: Here “St” stands for Statement.

**Source:** Survey Data of the author

Out of the means, statement 3 which was “The organization imposes great importance to assessment centers as a means of personnel selection” represented the highest mean, i.e., 4.48 which means, the surveyed respondents showed the most optimistic response about the assessment centers in their organizations which determined the overall sustainable HRM practices. On the contrary, statement 8 entitled “Retired employees have a chance to get part time or contractual basis works.” showed the least mean value which was 2.01. To illustrate this fact, the organizations provide a very little chance for retired employees to return their workplace on a contractual or part-time basis.

Next, Cronbach’s alpha was calculated to measure of the reliability and internal consistency of the survey instrument. The study’s Cronbach’s Alpha was 0.734 of the 27 surveyed items on various aspects of sustainable HRM practices under 7 factors. According to the standard value of 0.7 (Cronbach, 1951) which shows that the questionnaire was reliable and had an internal consistency among the surveyed question items. This test showed that all the questions under the seven variables had a shared covariance which proved that they all help to understand and measure the same concept of sustainable HR practices.

After getting the reliability and consistency score, the study moved to the calculation of multiple regression analysis was used to understand the effect of the sustainable HRM impact in the overall organizational performance. For this study, sustainable HR factors or instruments (Zaugg and Thom 2001) like human resource recruitment and selection, personnel deployment, human resource development, human resource marketing, employee relations, disemployment, management and leadership were taken as the independent variables because these were considered as the determinants of sustainable HRM practices in an organization and the organizational performance was taken as the dependent variable which actually depended on the sustainable HR factors. The table 2 showed the value of R square,

**Table 2: Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.947 <sup>a</sup>	.896	.888	.178

a. Predictors: (Constant), ML, DE, PD, HRD, RS, MKT, ER

b. Dependent Variable: OP

Source: Survey data of the author

The R square value of the model helps to understand if the research model undertaken is a good fit for the research data and it also explains how much variability of the dependent variable is explained by the independent variable (Gupta 2000). From table 2, it can be seen that the R square value of the study was 0.896, which means that 89.6% of the variability of the dependent variables, that is, the organizational

performance explained by the independent variables, that is, the factors of sustainable HRM (Gupta 2000). The Adjusted R square denoted that 88.8% of the variance in the organizational performance explained by the instruments of sustainable HRM(Gupta, 2000).

**Table 3 ANOVA<sup>a</sup> test output**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.053	7	3.579	113.275	.000 <sup>b</sup>
	Residual	2.907	92	.032		
	Total	27.960	99			

a. Dependent Variable: OP

b. Predictors: (Constant), ML, DE, PD, HRD, RS, MKT, ER

Source: Survey data of the author

“F-ratio” represents the ratio of the advancement in the prediction that results from fitting the model (Firdaus, 2005). A large value of F indicates that most of the variation in Y is explained by the regression. The F value was 113.275, which was significant at p (sig.) value <.005, i.e.  $0.000 < 0.005$ . This result indicates that there is less than a 0.05% chance of F-ratio being this large. Therefore, the regression model significantly improved the ability to predict the overall impact of sustainable HRM in organizational performance.

**Table 4: Regression Coefficients of the survey**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.078	.210		-.371	.712
	RS	.245	.054	.226	4.537	.000
	PD	-.027	.027	-.034	-.989	.325
	HRD	.001	.028	.001	.018	.985
	MKT	.285	.050	.323	5.707	.000
	ER	-.040	.076	-.047	-.530	.597
	DE	.524	.060	.504	8.697	.000
	ML	.006	.066	.008	.093	.926

Dependent Variable: OP

Source: Survey data of the author.

Table 4 showed the regression test output. This helps to determine the significance and the effect of sustainable human resource practices on organizational performance. It also represented the relationship between sustainable human resource activities and organizational performance. From table 4, it can be seen that the significant value of the independent variables which were, human resource recruitment and selection, human resource marketing and disemployment were lesser than the standard significance value of 0.05 which depicted that all these factors were significant and had a significant effect on organizational performance. The rest of the variables' significant values were more than 0.05. From table 4, it can also be seen that the beta values for the factors, that is, human resource recruitment and selection (0.226), human resource development (0.001), human resource marketing (0.323), disemployment (0.504) and management and leadership (0.008) were positive.

In terms of testing the research hypotheses, the study accepted H1 (Human Resource Recruitment and Selection has a positive impact on organizational performance.), H4 (Human Resource Marketing has a positive impact on organizational performance.) and H6 (Disemployment has a positive impact on organizational performance.) and rejected the rest of the hypotheses. The implication is that, recruitment and selection, human resource marketing and disemployment have positive influences as instruments of sustainable human resource management in the performance of the organization. The rest of the instruments have not any positive influence in organizational performance.

### **Conclusion, Limitations and Directions for the Future Research:**

This is the first ever quantitative study on sustainable HRM in the Bangladeshi context. This study was conducted to assess if sustainable human resource practices have an impact on organizational performance. Extensive and exhaustive review of various research papers, scholarly journals and resourceful articles related to sustainable human resource management and its impact on organizational performance was reviewed and studied. The study concluded that, out of seven factors or instruments of sustainable Human Resource Management, three of them have a positive impact on the overall organizational performance. The first one is human resource recruitment and selection. According to Zaugg and Thom (2011), human resource recruitment and selection process is only sustainable when it is capable of recruiting employees who most adequately meet the requirements of the open position. The next one is human resource marketing. A company intending to effectively enhance its attractiveness in the labor market through measures of human resource marketing which depends on information about its corresponding image (Zaugg and Thom 2011). The last influential factor is disemployment. Disemployment is only sustainable if it takes into account the needs of employees as well as those of the company and is focused on not harming the image of the company in the labour market (Zaugg and Thom 2011).

As this is the first ever quantitative study on Bangladeshi HR professionals in order to determine the impact of sustainable HRM factors in organizational performance, the

study has limitations. This study conducted on only 100 HR employees and no specific organizational sustainable HRM analysis has been made. Future research could be made on some specific organizational aspects. Moreover, the future study could be conducted by taking large sample. The study considered the factors mentioned by Zaugg and Thom. Future research could be considered more factors in addition to these factors.

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