

FOM-Conference

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Implementing Sustainable CSR Management Solutions



Track 2, Session 2
Human Resource Management

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„The role of HRM in developing sustainable
business organisations“

Prof. Dr. Ina Ehnert, Louvain School of Management,
Belgium

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Rheinauhafen Süd | Aggripinawerft 4 |
50678 Cologne | Germany



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**THE ROLE OF HUMAN RESOURCE
MANAGEMENT IN DEVELOPING SUSTAINABLE
BUSINESS ORGANISATIONS**

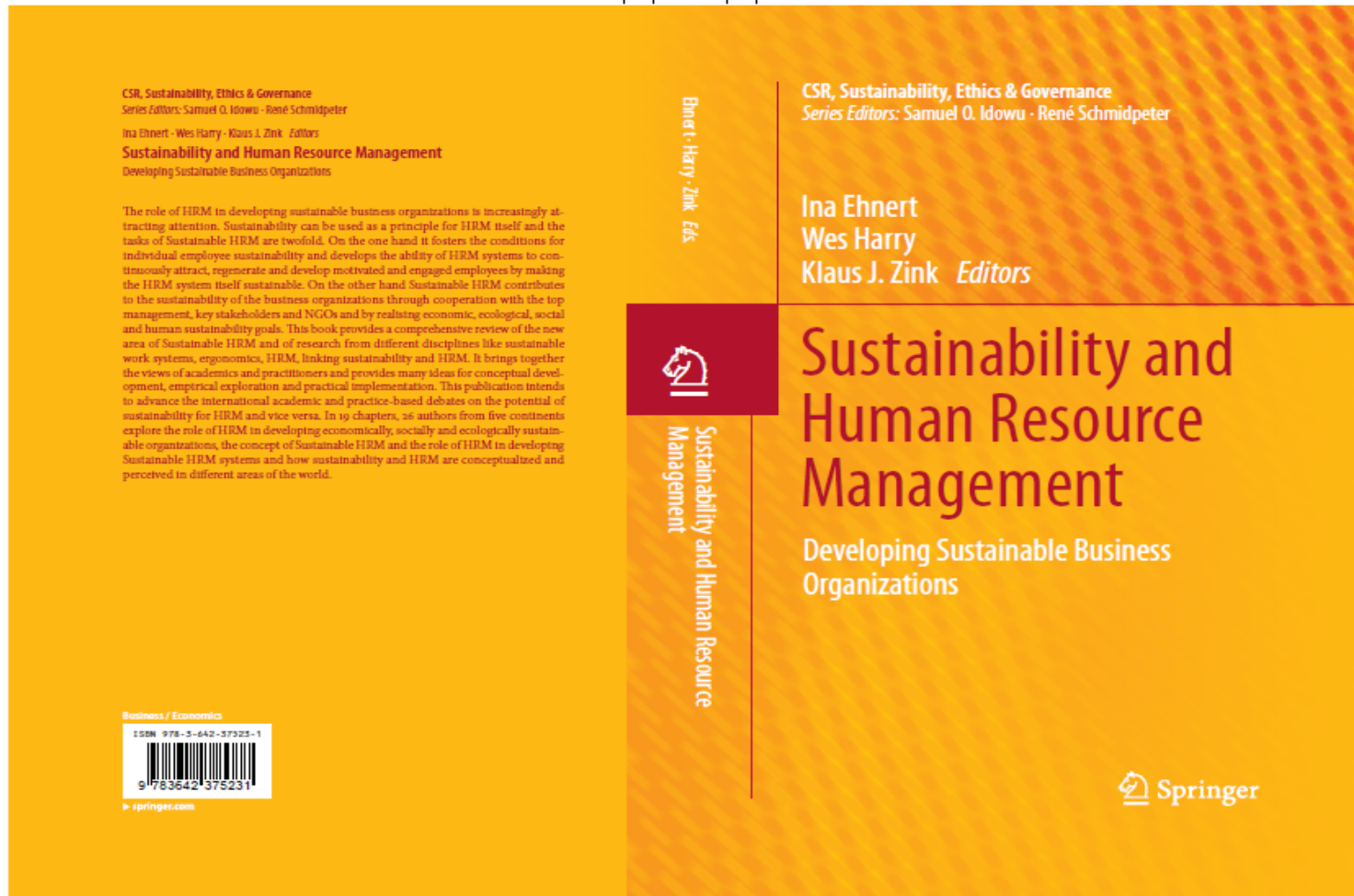
Ina Ehnert

**Professor of HRM with a specialisation in CSR/sustainability
Louvain School of Management**

Book project

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Book project

Key research questions:

- “How can HRM contribute to the economic, social/human and ecological sustainability of business organizations?”
- “How can HRM systems *themselves* become sustainable and treat their resources in a sustainable way?”
- “How can Sustainable HRM be interpreted in different cultural contexts?”

Book project

Contents:

- 19 chapters from 24 authors in North America, South America, Australia, Japan and Europe
- Peer-reviewed by 45 reviewers
- Main parts:
 - I. INTRODUCTION INTO SUSTAINABILITY AND HRM
 - II. THE ROLE OF HRM IN DEVELOPING ECONOMICALLY, SOCIALLY AND ECOLOGICALLY SUSTAINABLE ORGANISATIONS
 - III. THE ROLE OF HRM IN DEVELOPING SUSTAINABLE HRM SYSTEMS
 - IV. SUSTAINABILITY AND HRM IN DIFFERENT AREAS OF THE WORLD
 - V. CONCLUSIONS AND PROSPECTS FOR SUSTAINABILITY AND HUMAN RESOURCE MANAGEMENT

THE ROLE OF HUMAN RESOURCE MANAGEMENT IN DEVELOPING SUSTAINABLE BUSINESS ORGANISATIONS

Structure of presentation

- Sustainability as a response to global challenges
- Extending HRM through a sustainability lens
- Sustainable HRM characteristics
- A paradox framework for Sustainable HRM
- Summary and implications

Sustainability as a response to economic, social and ecological challenges

Global challenges after 200 years of industrialisation



Natural environment:

- Pollution
- Water scarcity
- Climate change



Nutrition:

- Feeding world population



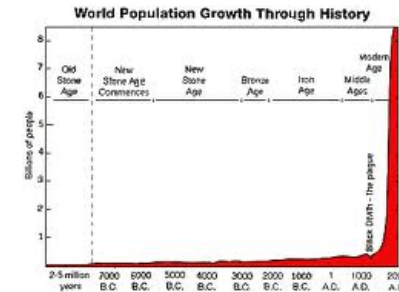
Raw material and energy:

- Scarcities of resources and fossile energies
- Carbon-based energy production



Health and wealth:

- Illnesses (AIDS), hygiene
- Poverty, hunger



World population:

- Population growth
- Increasing demand for goods and investments
- Erosion of democracy



Rights:

- Business crimes, inhuman working conditions

Sustainability as a response to economic, social and ecological challenges

Managerial challenges and conclusions

- Profit maximization (at all cost) can endanger organizational viability and legitimacy → Challenges of the traditional economic market model (e.g. Porter & Kramer, 2011)
- Call for ‘paradigm shift’ (e.g. Gladwin et al., 1995; Marshall et al., 2010); sustainability as a principle to extend the notion of business/HR performance (Ehnert, 2009; Porter & Kramer, 2011; SHRM, 2010)
- But *how*? What does sustainability mean for HRM (and vice versa)?

Sustainability as a response to economic, social and ecological challenges

HRM context: Institutional initiatives (examples)

- **Socio-political initiatives:** e.g. UN Global Compact 10 Principles on human rights, labour standards, environment, anti corruption
- e.g. Global Responsible Leadership Initiative (GRLI): cultural change and evolution of mindsets
- Strategic business initiatives (e.g. Unilever, Sustainable Living Plan)



Sustainability as a response to economic, social and ecological challenges

Unilever, Sustainable Living Plan

10-year plan announced by Paul Polman, CEO, Unilever in 2010:

- Improve people's **health & hygiene habits** of more than one billion people and bring safe drinking water to 500 million people. ...
- **Improve nutrition** ... double the proportion of our portfolio that meets the highest nutritional standards ...
- **Halve greenhouse gas impact** ...of products...
- **Halve the water** ...associated with the consumer use of our products ...
- **Source** 100% of our agricultural raw materials **sustainably**.
- **Better livelihoods:** ... engage with at least 500,000 smallholder farmers and 75,000 small-scale distributors in our supply network.
- **Our people:** Healthy employees and better workplaces.
- **Double sales:** [...]. But growth at any cost is not viable.

➔ develop new ways of doing business, across the value chain including customer behavior

➔ increase the *positive social benefits* arising from Unilever's activities while at the same time *reducing our environmental impacts*.

Extending HRM through a sustainability lens

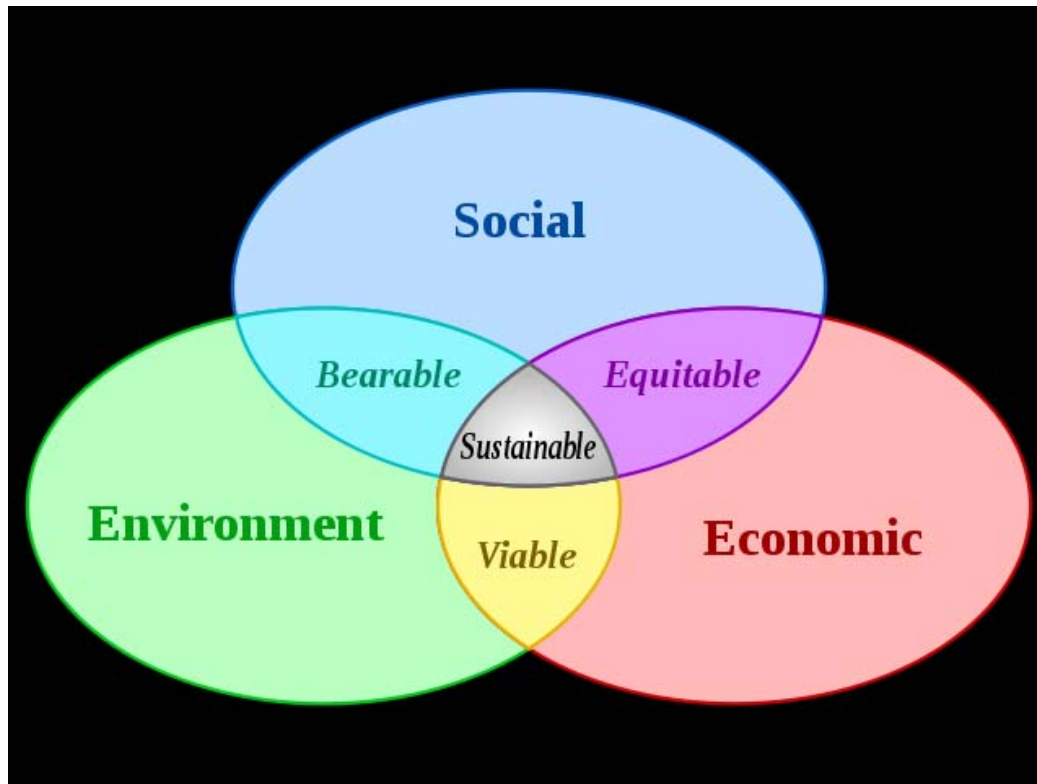
Defining 'Human resources' as resourceful human beings

- People as **subjects**: People are a particular resource with needs, wants and who can respond, react (Brewster & Larsen, 2000: 11)
- People need to be treated differently e.g. as Paauwe (2004) suggests in a '**humane way**'
- Human resources need **time** and certain **conditions** to develop and to regenerate
- HRM is referred to as a broad, generic term in the sense of **people management** (Boxall, 2007: 49)

Extending HRM through a sustainability lens

Defining sustainability for HRM

Three pillar model is insufficient

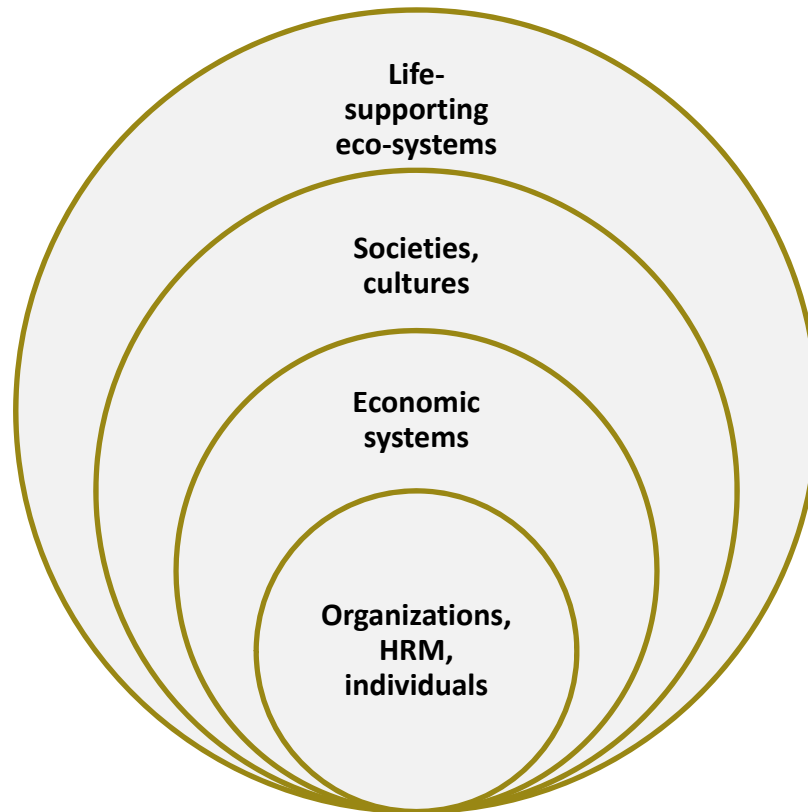


- Three dimensions: environment, social, economic
- Economic performance is regarded as a higher priority than ecological and social aspects (Hahn/Figge 2011: 325)
- systematically excludes some solutions
- can lead to short-termism

Extending HRM through a sustainability lens

Defining sustainability for HRM

Limits are the life-supporting eco-systems



- We depend on the life-supporting systems and their functioning
- How can we develop economic and social systems which allow us to live a prosperous life but within the natural limitations?
- How can we translate this to the business level?

Extending HRM through a sustainability lens

Sustainability as a substance-oriented rationale



What if we think business organizations as ,eco-systems‘?

What if they have to produce output that can (really) be used as input for others?

How can business organizations become more regenerative?

Definition:

Sustainability = resource consumption/resource reproduction ≥ 1

Source: Müller-Christ, 2001

Extending HRM through a sustainability lens

Responsibility / Norm

Sustainability as an ethical, moral value

- ▶ Largely based on Brundtland Commission (WCED, 1987)
- ▶ Metaphor for global justice
- ▶ Social and societal responsibility for employees, society, environment, future generations etc.

- ▶ Ethical limits to profit making
- ▶ Social responsibility as a means to make profit or doing good for its own sake
- ▶ Logic: Company survives because it sustains the social legitimacy or *willingness* of stakeholders to provide resources (e.g. to work for a company)

Efficiency / Innovation

Sustainability as a ,Business Case‘

- ▶ Traditional business rationale (efficiency / effectiveness)
- ▶ Triple Bottom Line (Elkington)
- ▶ Social responsibility to correct / reduce ,side effects‘ of business activities;
- ▶ shared value creation

- ▶ Resource efficiency or innovations
 - cost reduction (i.e. reduce impact on employees)
 - value creation
- ▶ Logic: Company survives because it generates value and profit and reduces risks

Source: Ehnert, 2009

Substance

Sustainability as rationality to maintain the resource base

- ▶ Sustainability = Long-term balance of resource consumption / resource renewal ≥ 1 (after Hans Carl von Carlowitz (1645-1714))
- ▶ Renew and regenerate the resource base (substance)

- ▶ Become active from within:
 - resource development
 - resource renewal
 - resource regeneration
- ▶ Logic: Company survives because it has the ability to sustain HR resources or
- ▶ Because it sustains the *ability* of the ,origin‘ of HR (resource holder) to provide resources

Sustainable HRM characteristics and starting points

Sustainable HRM characteristics and starting points

Question

- What is/could be the role of HRM in supporting or even inducing the process of developing sustainable business organizations?

Sustainable HRM

characteristics and starting points

Defining Sustainable HRM

Ehnert (2009) defined Sustainable HRM as

- ‘Sustainable HRM is the pattern of planned or emerging human resource strategies and practices intended to enable organizational [and individual] goal achievement...
- while simultaneously reproducing the human resource base over a long-lasting calendar time and
- controlling for unanticipated outcomes of HR decision-making on the human resource base and thus on the company and HRM itself (working definition, Ehnert, 2009)

Sustainable HRM

characteristics and starting points

Defining Sustainable HRM

Cohen and colleagues (2012) defined Sustainable HRM as

- ‘the utilization of HR tools to help *embed* a sustainability strategy in the company and the creation of an HRM system that *contributes* to the sustainable performance of the firm. Sustainable HRM thus creates the skills, motivation, values, and trust to achieve a triple bottom line, and
- at the same time ensures the long-term health and sustainability of both the firm’s internal (i.e., employees) and external communities, with policies that reflect equity, development and well-being and help support environmentally friendly practices’ (p. 5, italics in original). 20

Sustainable HRM

characteristics and starting points

HR roles

- 1) Support and/or initiate the **implementation** of sustainability strategies (Ehnert, 2009; Ehnert & Harry, 2012; Ehnert et al., 2013; SHRM, 2010)
→ e.g. select, train and reward people accordingly
- 2) Make **HRM itself** sustainable (Ehnert, 2009; Ehnert et al., 2013; Mariappanadar, 2003; Pfeffer, 2010)
→ e.g. perception of HR practices by employees
- 3) BUT: Organisations and HR need to reconcile contradictory requirements or multiple rationalities of becoming both efficient/effective and economically, socially and ecologically sustainable (e.g. Hahn & Figge, 2011; Ehnert, 2009, 2013)

Sustainable HRM

characteristics and starting points

Characteristics of Sustainable HRM (Ehnert, 2013)

- **Long-term oriented:** Today's requirements to use human resources efficiently and effectively are balanced with tomorrow's requirements to maintain, nourish and develop people's health, qualification and engagement by **integrating the 'future into the present'**
- **Impact-control oriented:** Impact of HR strategies and practices on the organization, HRM itself and on employees' qualification, engagement and health are controlled
- **Substance and self-sustaining oriented:** The ability of the HRM system and organization to sustain itself 'from within' in its social, ecological and economic environments while allowing regeneration and development of its human and social resources

Sustainable HRM

characteristics and starting points

Characteristics of Sustainable HRM (Ehnert, 2013)

- **Partnership-oriented:** The ability of the HRM system to develop trustful and mutual exchange relationships with key stakeholders (such as NGOs, unions) and 'resource holders'; develop virtuous learning cycles and partnerships
- **Multiple-bottom lines oriented:** Sustainable HRM is able to integrate multiple (such as economic, human, social, ecological) bottom lines into their performance management systems and use new social or ecological indicators to be integrated in the HRM controlling system
- **Paradox-oriented:** The ability of the HRM system and individual organization members to cope cognitively and emotionally with plurality, complexity and tensions is developed

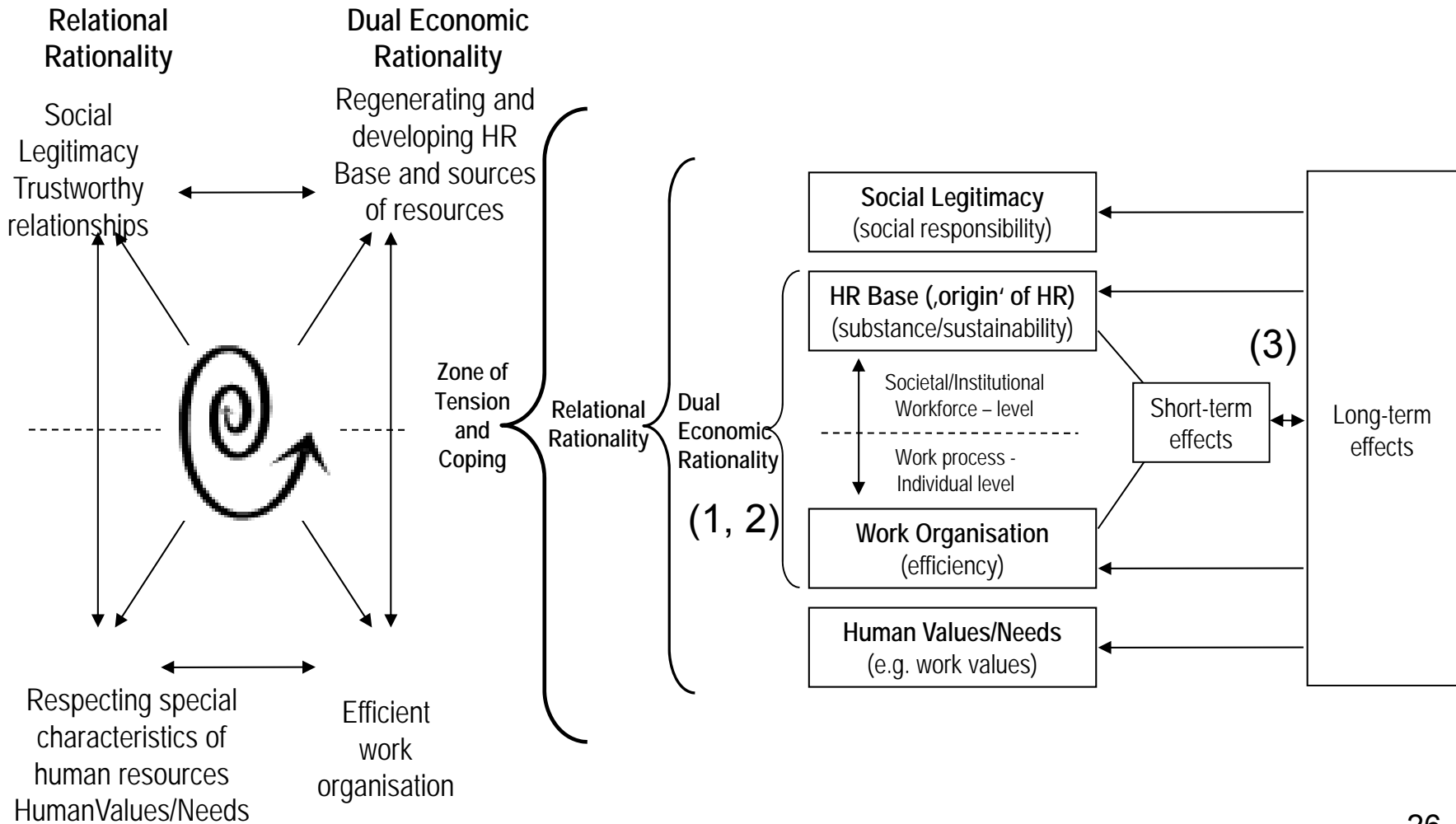
A paradox framework for Sustainable HRM

A paradox framework for Sustainable HRM

Question

- How can HR be *both* efficient *and* sustainable?

A paradox framework for Sustainable HRM



[Source: Ehnert, 2009: 175.]

Conclusion and implications

New roles for HRM

- Role of supporting top management and line managers in developing and implementing sustainability strategies
- Role of making HRM systems sustainable
- Role of proactively addressing tensions and paradoxes in HRM

Implications for practice

- HR departments need to take (proactive) action
- New HR competences are needed in sustainability and on how to implement it into practices and processes
- HR needs to learn to tensions are not necessarily bad but that they can be turned into opportunities for development

Implications for research:

- Advance conceptual development (interdisciplinary work)
- Qualitative case research on the implementation, indicators, practices, processes, barriers etc. ; Quantitative surveys HR + Sust. managers

Further readings on sustainability and HRM

- **Ehnert, I., Harry, W. & Zink, K. (eds.) (2013).** Sustainability and Human Resource Management: Developing sustainable business organizations. Springer, in press, will be published in July 2013. In particular chapters 1 and 11 in this book are related to this presentation.
 - **Olbert-Bock, S.; Ehnert, I. (2013).** Nachhaltigkeit und HRM: Impulse für eine Nachhaltige Unternehmensentwicklung, In: Martina Zölch, Ulrich Pekruhl und Regula Spaar, Jahrbuch Human Resource Management, WEKA Media Business AG (Zürich), 207-249.
 - **Ehnert, I. & Harry, W. (eds.) (2012).** Special Issue: Recent Developments and Future Prospects on Sustainable Human Resource Management, management revue, (3)2012.
 - **Ehnert, I. (2012). Nachhaltiges Personalmanagement: Konzeptionalisierung und Implementierungsansätze,** In: Kozica, A. & S. Kaiser (eds.): Ethik im Personalmanagement: Zentrale Konzepte, Ansätze und Fragestellungen, DNWE (Deutsches Netzwerk Wirtschaftsethik), pp. 131-157.
 - **Ehnert, I. (2009).** Sustainable Human Resource Management: A conceptual and exploratory analysis from a paradox perspective. In: Contributions to Management Science. Physica, Springer: Heidelberg.
 - **Ehnert, I. (2009).** Sustainability and Human Resource Management: Reasoning and applications on corporate websites. European Journal of International Management, 3(4), 419-438.
- For the Springer books check www.springerlink.com
- See also a special issue on Sustainability and CSR in Human Resource Management (Wiley), 28 November-December 2012, Vol . 51, No.6.

Thank you very much for your attention