An examination of sustainable human resource management for achieving financial, social, and environmental goals

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1. Introduction

Sustainable human resource management (SHRM) strategies support the attainment of economic stability, environmental balance, and the need for sustainability in terms of social justice, mental health, physical health and employee and business well-being. Prior research has shown that HRM affects employee behavior, environmental performance and an organization’s financial success (Amrutha et al 2020). Nonetheless, research on the social sustainability aspect of organizations is scarce in the state-of-the-art of HRM to clarify the theoretical relationship between HRM procedures and companies of social sustainability (Saeed et al 2019). The growing emphasis on the environmental responsibility of corporations and sustainability has made human resources increasingly important in most businesses, such as commercial and legal resources, as well as other facets of cleaning and manufacturing (Ansari et al 2021). Human resources are becoming more widely identified as the soul of business, particularly in the context of the environment (Chaudhary 2020). Studies examining the variables influencing employee pro-environmental behavior are increasing interest in environmental management and its potential advantages for firms (Roscoe et al 2019). The rate at which environmental degradation has become more common and resource scarcity has increased and is irreversible. Climate change has occurred in recent decades as a result of organizations for executing several environmental projects (Yong et al 2020). Although there is a growing interest in HRM, there are many different areas of concentration when attempting to identify the connections between the many disciplines. Consequently, creating a comprehensive idea of this structure and a synopsis of HRM is essential (Pham et al 2020). There are not enough comprehensive reviews of the literature in the discipline that have looked at and assessed the expanding body of research in HRM. As created, a comprehensive and extensive review of the literature on green HRM must be conducted (Malik et al 2020). People in charge of and in upper management in a variety of business domains have made protecting and preserving the resources of the natural ecosystem a top-priority growing corporate challenge. Executives must develop new strategies to maximize their vital organizational resources, particularly HR, which are seen as critical to the adoption of policies and practices and enhancing the long-term ability of a major influence on the way the business is run, with upper management seeing human resources as a competitive advantage for organizational success (Yusliza et al 2019). Innovation, long-term success and the efficient use of organizational resources reduce risks and preserve competitive advantages (Gilal et al 2019).
Using a company's longevity, inventiveness and effective resource management to its advantage helps to reduce risks and maintain a competitive edge (Singh et al 2020). The present study attempts to investigate SHRM as a strategic requirement for attaining a mutually beneficial alignment between sustainable development and organizational performance (Yong et al 2020). This research intends to explore the difficulties and effects of SHRM on financial resilience, social responsibility and environmental stewardship, acknowledging that human capital is a driver and steward of sustainability (Al-Swidi et al 2021), by examining pertinent literature, case studies, empirical data, and the interdependent dynamics of sustainable HRM (Fawehinmi et al 2020). Figure 1 shows the flow of the SHRM cycle to improve organizational performance across the triple bottom line achieved by incorporating sustainability into the SHRM strategy. This study aims to determine best practices and obstacles coupled with the overall efficacy of SHRM in promoting a holistic approach to business success through an investigation of pertinent literature, case studies and empirical data.

![Figure 1 Sustainable human resource management cycle.](https://www.e3s-conferences.org/articles/e3sconf/pdf/2021/31/e3sconf_iscmee2021_01024.pdf)

### 2. Crucial role of HRM corporate sustainability

According to HRM academics, the HRM function is well situated to support the creation and implementation of HRM. Moreover, bulk techniques incorporate internal and external components. The treatment of individuals with a company is covered by the internal component, while meeting the demands and expectations of external stakeholders is the responsibility of the external component (Peccei et al 2019). By encouraging staff involvement and dedication to a company's initiatives, incorporating ideas into current HRM procedures and fostering stakeholder alignment in reviewing the literature on the relationship between HRM, researchers have found two prominent trends in HRM. Scholars who link HRM rarely explain how they understand the relationship between these ideas or the presumptions they investigate to determine encouraging as well as rewarding employees through the establishment of fair employment standards, the development of principles aligned with the strategic business direction, providing company-sponsored service projects, educational opportunities to support charitable endeavors coupled with sustainable growth, and building a strong employer brand to draw and maintain talent are considered components of sustainable HRM (Stahl et al 2020).

HRM, as a component or force behind corporate social responsibility (CSR), examines how different HRM procedures affect the environment. HRM initiatives are essential for developing employee engagement and commitment to CSR, enhancing CSR competencies and incorporating CSR concepts across the whole firm (Macke and Genari 2019). Some instances of HRM initiatives influencing or advancing incentives that adhere to business policy, recruiting, talent acquisition, staff growth, induction training, selection processes and performance management are examples of financial practices. The strong relationship between HRM and HRM plays a major role during projects along with initiative implementation.

Although the HRM function has no current role in the agenda, it has the power to contribute to the creation of plans that are significant for advancing the firm's HRM objectives. Despite the strong ties between HRM practices, it seems that HRM practitioners are not included in the execution of projects and programs; rather, they are acknowledged as partners in shaping strategies at this time. HRM has not assumed responsibility for CSR-related HR concerns (Chams and García-Blandón 2019).
might have an enormous impact on a company's financial approach. The HRM function is not currently recognized as a major contributor involved in the formulation and execution of CSR projects even though HRM is closely related. It seems that HRM professionals are not included in the execution of CSR projects and programs; rather, they are acknowledged as collaborators in shaping CS strategies. HRM has not taken accountability for issues of CSR in HR, influencing a company's financial strategy more than other departments.

2.1. Perspectives and Difficulties in Sustainable HRM

A growing, humanistic soft HRM approach has steadily arisen, influenced by the employee welfare and industrial relation strategies of the human relations movement. The dual-purpose sustainable HRM model has expanded to cover more ground, and shareholder value remains the primary focus, with an emphasis on HR outcomes that are connected to both organizational and financial performance (commitment, competence, congruence and cost-effectiveness). The significance of ecological concerns and wider global socioeconomic aspects for HRM has not been acknowledged (Davidescu et al 2020). Scholars have started to advocate a more sustainable HRM model that captures how companies are evolving and moving toward the viewpoints of many stakeholders.

Another argument is that the financial objectives used for compliance and risk management are separate from the essential business operations of many organizations (Boonet et al. 2019). Our examination of HRM function is centered on the social and environmental study domain, where one line of inquiry has examined the extent to which businesses-sustainability programmes and endeavours are emblematic and substantive. While the latter businesses are trying to employ dedicated and appeasing different stakeholder groups (Hamouche 2023) to avoid more serious legal or other penalties, the former case's efforts tend to be more concrete, measurable and effective, despite the HRM profession's inability to assume a pioneering position in development coupled with the execution of social and environmental activities.

Another limitation is the body of research on HRM that is available for the most part. Academics appear to have accepted top HRM executives' decision to prioritize shareholder profit and organizational performance as the primary goals of HRM systems without challenge, as the managerial/organizational perspective is taken by HRM research, and the connection between company performance and HRM has been the single topic of most academic attention.

2.2. Encouraging Multi-Stakeholder Development in HRM

With regard to the relevance and application of HRM research, we support its growth and stress as the significance of examining a multistakeholder standpoint. Realizing that companies depend on society for resources and credibility, several ideas return to the HRM Harvard model, which prioritizes the demands of different stakeholders for both ethical and realistic representations of HRM management realities. This strategy promotes the adoption of a multidimensional performance concept that considers a wider range of factors, such as financial aspects, social services, individual well-being and organizational performance, and the maximization of shareholder profit (Lombardi et al 2020). The participation of these goals highlights concerns about how businesses affect the financial sector, society, environment and economy. Figure 2 represents the multidimensional framework for the social, financial and environmental goals of SHRM.

The obligation to socialize another component of sustainable HRM extends beyond the workforce and might involve community-based social programs and a fundamental component of sustainable development goals; high-quality education helps to lower inequality, provide decent jobs and boost economic development (Al-Romeedy 2019). The social dimension of sustainable HRM includes both internal and external elements related to the requirements of HRM characteristics. This holds for the economic and environmental aspects, emphasizing that the primary internal stakeholder group and the focus of HRM initiatives is the workforce, as they contain an external component that makes HRM procedures adhere to legal requirements, which meets the demands of external stakeholders and supports sustainable development goals by addressing social issues. Encourage favorable results and limit unfavorable results in the social, environmental and economic spheres in keeping with the two-decade-old push to include stakeholders along with the purpose of the HRM performance framework (Cabral and Dhar 2019).

This statement aligns with the growing integrative perspective on sustainability, which recognizes the presence of trade-offs and unavoidable conflicts between social, environmental and economic factors over different timescales and spatial dimensions that might make it challenging for businesses to achieve the right satisfying needs of outside parties. The requirement to attain firm-level advantages optimizes shareholder value along with the need to resolve conflicts and paradoxes concerning sustainability in the context of HRM since sustainable development aims to create economic, environmental and social value over the long term, which entails a shift from unsustainable practices to more sustainable practices (Kim et al 2019).

3. Social contact between society and finance

In most modern economies, regulations are in place to avoid unfavorable consequences for all parties involved in matters such as environmental preservation and safety for workers. Even businesses that respect these obligatory standards
of social duties based on ethics failure might damage their reputation and lose legitimacy. The main goal is to lower the legal and reputational concerns that drive these actions (e.g., avoiding litigation expenses connected with lawsuits for discriminatory acts) (Koberg and Longoni 2019). Displaying these desired behaviors, which include financial processes and corporate conduct, goes beyond adhering to legal and ethical criteria. They represent the expanded and modern social contract between businesses and society. The social dimension stresses inclusion, cooperation and mutual assistance. It is made up of all the interrelated connections, customs and behaviors that are present in a community or civilization. Injury prevention involves putting policies and procedures in place to reduce physical damage and guarantee people’s health and safety in a variety of settings (Adjei-Bamfo et al 2020). Businesses and organizations must operate according to moral standards and ideals, such as fair labor practices, environmental stewardship and open governance systems, to behave morally in an economic framework (Lee et al 2019). Encouraging mutual support, empathy and solidarity is crucial in building stronger, healthier communities. This is further highlighted by the moral imperatives of preventing harm and acting responsibly in the social domain (Mousa and Othman 2020). Table 1 provides a summary of a multifaceted approach to HRM that takes into account moral, social, environmental and financial aspects. Studies offer particular activities and techniques to support ethical as well as sustainable HRM practices, which are accompanied by each factor. The causes of these issues include the ongoing global financial crisis coupled with the escalating social and environmental problems that our globe is facing, which are changing our expectations and perceptions.

It focuses on keeping people safe and conducting business inside the company, assessing applicants’ sensitivity to environmental issues, promoting eco-friendly behavior among staff members and evaluating alliance partners’ HRM system adherence to environmental laws and sustainability objectives. Although our basic principles, which are encapsulated, can provide a competitive edge, that is not the reason for them (Leidner et al 2019). By adopting an integrative mindset, some businesses have been able to resolve the conflict that exists between social goals and strategic imperatives. It entails establishing lasting connections with a range of stakeholders to produce enduring value for shareholders and encourage positive social change apart from the rewards given by managers for performance that satisfy the individual, organization, unit-specific goals and nonfinancial goals on the balanced scorecard. Every employee is required to interact with a person who has diabetes for at least a day each year (Nawangsari and Sutawidjaya 2019). Metrics assessing how the business affects the triple bottom line that serve as a reference for nonfinancial success. These include social effects on the health of employees, clients, communities and socioeconomic effects, including the generation of jobs. Additionally, financial companies can control environmental effects and maximize resource efficiency.

Figure 2 Multidimensional framework for the social, financial, and environmental goals of SHRM.

Source: https://www.researchgate.net/figure/Model-of-Sustainable-HRM_figi_353317841
3.1. Sustainable HRM's social domain and beyond promoting workers' rights in international supply networks

Transnational firms do not have as much influence on economies, which indicates social issues such as the rights of workers and their welfare in global supply chains, whereas they are addressed by sustainable HRM practices, which consider financial concerns to ensure that economic considerations are in line with social obligations. This larger view highlights the significance of including financial sustainability in HRM plans (Luu 2019). Organizations can work toward achieving comprehensive sustainability goals that benefit both workers and the bottom line by realizing how social and financial components become beneficial. The proliferation of outsourced banking and insurance services has been documented to show that the governments of poorer nations appreciate these global supply networks since they provide jobs for millions of people or at least employment chances (Sharma and Foropon 2019). Simultaneously, they have made circumstances more exploitative by driving down expenses.

![Image](https://www.malque.pub/ojs/index.php/mr)

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<tr>
<th>References</th>
<th>Social dimension</th>
<th>Preventing injury</th>
<th>Acting morally</th>
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<tbody>
<tr>
<td>(Adjei-Bamfo et al 2020)</td>
<td>Environmental</td>
<td>Assess candidates’ environmental sensitivity and select those who share adherence of the business to ecological and sustainable methods. Encourage employees to take actions that protect the environment.</td>
<td>Audit the HRM systems of alliance partners to make sure they adhere to environmental regulations and sustainability goals. If HRM audits provide unfavorable findings, take the appropriate action to implement the required adjustments throughout the alliance partner network.</td>
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<tr>
<td>(Lee et al 2019)</td>
<td>Economical</td>
<td>Provide employee equity ownership plans that are linked to their sustained dedication to the financial and economic money into social capital to get a competitive advantage to promote creativity.</td>
<td>Incorporate long-term rewards based on the triple bottom line into strategies for managing remuneration to prevent opportunistic behavior by managers and excessive risk-taking, which can destroy value.</td>
</tr>
<tr>
<td>(Mousa and Othman 2020)</td>
<td>Social</td>
<td>To guarantee employee well-being and a great working relationship, engage in staff members, provide them engaging work, promote a healthy social as well as physical environment, allow them to express themselves and provide organizational support.</td>
<td>Across the whole supply chain, do away with child and forced labor, as well as insecure working conditions, physical abuse and unpaid overtime.</td>
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3.2. Sustainable HRM's ecological domain: favorable environmental effects

Organizations are under pressure to enhance their environmental performance as a result of the general desire to preserve nature for posterity and growing concern about climate change and the environmental deterioration of connected economic controversies, such as mining disasters or emissions-cheating schemes, which are coming to light, highlighting the moral need to safeguard the environment. One reason for the lack of environmental protection is an instrumental understanding of environmentalism that reframes business sustainability as eco-efficiency to maximize profits. Specific protocols include evaluations of performance, possibilities for growth, benefits, job security and incentives for both people and organizations. We argue that performing well could not be enough (Singh and El-Kassar 2019) to prevent loss in businesses that must ensure the appropriate controls are in place. Companies might discover adverse results or the necessity for change through HRM audits, so it is critical to develop and implement effective strategies for promoting change among collaborators.

3.3. Financial sector's sustainable HRM

The financial sector of sustainable HRM, referred to as the human resources department of financial institutions, represents an all-encompassing method of organizational management. From this perspective, sustainability includes not only financial prosperity but also a range of factors, such as environmental preservation, moral behavior and social responsibility. Adopting sustainable HRM practices guarantees that employee rules and procedures take into account social and environmental considerations in addition to financial advantages (Abbas 2020). Financial institutions must adopt eco-friendly measures, such as reducing carbon emissions and limiting their negative effects on the environment. In addition, encouraging justice and equity in the workplace reflects the principles of SHRM. Maintaining moral principles and encouraging honesty across the board are essential components of honoring moral leadership. Enhancing employee well-being is essential because...
it improves productivity, contentment and the success of a company; however, overall, financial institutions can show their commitment to sustainability, create a healthy work environment and advance larger social goals by incorporating these components into HRM processes.

3.4. Sustainable HRM systems based on the principles of the economic domain

The financial and economic results of organizations, the use of HR procedures and the monitoring of human capital are the main strategies of HRM (Shen and Zhang 2019). It is well known that many businesses struggle to create people management initiatives. The insufficient management and development of talent have been linked to a narrow interpretation of performance that prioritizes shareholder and rewards at the expense of other stakeholders (Zhang et al. 2019). These demands might result in SHRM frameworks that are unable to align people and companies. We agree with calls for a more comprehensive analysis of the results of good skill development (Zaid et al. 2018), which embodies the ideas of the argument that the pursuit of long-term sustainability and investment in human capital can be subordinated to the goal of maximizing shareholder wealth along with the process of maximizing rapid financial gains.

We recognize that coordinating HRM practices can advance the interests of many stakeholders, including businesses, the financial sector and society. This results in advantageous situations for all parties involved even with the aspirations of advocates of the new integrative view of sustainability, and it is difficult to achieve such congruence. This discussion diverges further into an in-depth examination of sustainable HRM and its effects on finance, society and the environment. This study emphasizes the critical role that SHRM plays in coordinating business goals with more general sustainability objectives and stresses the necessity of incorporating social and environmental concerns in addition to financial advantages. The benefits and difficulties that come with sustainable HRM include managing the specifics of global supply networks to strike a balance between the interests of shareholders and larger social issues. It explores the essential elements of sustainable HRM, including advancing workers’ rights, addressing environmental effects and incorporating moral principles into financial institutions.

4. Conclusions

The strategic approach of sustainable HRM involves the integration of economic, social and environmental factors into HR operations. It places a strong emphasis on bringing the interests of many stakeholders into harmony to promote results that are advantageous to businesses, the financial sector and society at large. Although adopting the concept will require overcoming obstacles and adopting an integrated viewpoint on sustainability, it has the potential to advance long-term sustainability and organizational resilience. It is difficult to modify HRM processes to meet changing sustainability requirements since environmental, social and economic aspects are dynamic. Although there can be advantages, managing these disadvantages requires planning, ongoing assessment and dedication to promoting a sustainable culture across the whole company. In HRM, overcoming these challenges to achieve financial goals that involve several approaches by enhancing organizational agility coupled with effectiveness through personnel skill development and innovation culture promotion can lead to cost savings and revenue growth. Organizations can meet their financial objectives and foster long-term, sustainable growth and development by incorporating these HRM techniques.

Ethical Considerations

Not applicable.

Conflict of Interest

The authors declare no conflict of interest.

Funding

The current review did not receive any financial support.

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