CSR, Sustainability, Ethics & Governance

Series Editors: Samuel O. Idowu · René Schmidpeter

Ina Ehnert
Wes Harry
Klaus J. Zink *Editors*

Sustainability and Human Resource Management

Developing Sustainable Business Organizations

Springer

CSR, Sustainability, Ethics & Governance

Series Editors

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Editors

Sustainability and Human Resource Management

Developing Sustainable Business Organizations

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We wish to honour Professor Peter Docherty who has been an inspiration for so many in the area of Sustainable Works Systems and also in Sustainable HRM. Prof. Docherty sadly passed away during the preparation of this book. To him we dedicate this volume.

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Part I
Introduction into Sustainability and HRM

Sustainability and HRM

An Introduction to the Field

Ina Ehnert, Wes Harry, and Klaus J. Zink

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Abstract In this introduction to '*Sustainability and Human Resource Management: Developing sustainable business organizations*' we outline the content and structure of the book. In this book, our academic and practitioner authors explore

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the potential of sustainability as a new paradigm and Sustainable HRM as a concept for HRM. We wish to contribute to fruitful debates about the role of HRM in developing sustainable work and HRM systems and the role of HRM in supporting sustainable business organizations. Our goal with this book is to advance and bring together conceptual and empirical research as well as practitioners' views on the meaning and motifs of sustainability for HRM, on how to design and evaluate sustainable HRM systems, and on enhancing our understanding for the complex, non-linear interrelationships, potential paradoxes and tensions between economic, ecological, social and human sustainability. In this introduction, we elucidate the conceptual underpinnings of sustainability and HRM embraced in this book, we critically review the historical roots and different areas dealing with sustainability and HRM, we summarize the limitations and gaps in prior research and finally, this introduction provides short summaries of the chapters in this volume.

1 Introduction

The topic and research area of Sustainable Human Resource Management (Sustainable HRM) is one which has become increasingly important in the past decade and this book is a contribution in bringing together ideas and authors from different backgrounds to shed further light on how sustainability can be integrated in the management of people in organizations. Since 1987, the year of the publication of the United Nation's World Commission on Environment and Development. report (WCED 1987), we have witnessed the notion of 'sustainability' becoming a 'mantra' of the twenty-first century (Dyllick and Hockerts 2002). Increasing external pressures have urged more and more organizations, especially commercial companies worldwide to incorporate sustainability – e.g. Unilever (who announced a 'Sustainable Living Plan') – as core activities into their corporate policies and strategies in order to take a proactive role in controlling the long-term impact of business life on the natural, social and human environments (e.g., Bansal 2005). Issues raised by this impact are, among others, climate change, environmental problems, increase of the world population, social inequity and poverty and the problem that the world population – and in particular industrialized and industrializing countries – consumes more resources per year than are reproduced although not all people have equal access to resources and to the same standard of living. If economic growth in industrializing countries continues at its current speed and with its current impact, we would soon need more than three instead of one planet's resources (WWF 2012). These developments have raised considerable criticism of traditional economic thinking and business practices.

1.1 Limitations of the Traditional Market Model

Slowly but gradually, the view is gaining wider acceptance that an overly strong focus on a rather short-termed efficient and effective exploitation of natural, social and human resources in organizations – as suggested by the traditional market model – is not enough to ensure organizational viability in the long run (e.g. Docherty et al. 2002, 2009; Dunphy and Griffiths 1998; Hahn and Figge 2011; Wilkinson 2005). Even proponents of the traditional economic thinking assert

> A big part of the problem lies with companies themselves, which remain trapped in an outdated approach to value creation that has emerged over the past few decades. They continue to view value creation narrowly, optimizing short-term financial performance [. . .] while [. . .] ignoring the broader influences that determine their longer-term success. (Porter and Kramer 2011, p. 64)

In this volume, we go one step further by stating that it is not only the focus on short-term performance but also the neglect of engaging more actively in the renewal, regeneration and reproduction of resources that organizations need to survive in the long-term. Companies are dependent on resources (Pfeffer and Salancik 2003) and the depletion of resources reduces an organization's ability to survive. Using organizational resources in an efficient and effective way is necessary but not sufficient to ensure long-term corporate viability. Instead, organizations need to re-think the way they are using and managing their resources – amongst them their current and potential future human resources including social relations outside the organization (which we call the 'human resource base').

Sustaining the human resource base becomes a strategic management task (Ehnert 2009a). Not sustaining the human and overall corporate resource base is problematic for individual companies in at least one of the following three cases: when corporate choices guided by the traditional market model affect

1. The *willingness* of institutions or individuals to provide critical resources to the organization, and/or
2. The *ability* of institutions or individuals to provide critical resources to the organization, and
3. When side effects and feedback effects ('externalities') from business activities affect the resources, i.e. their quality or ability to regenerate themselves or the origin of these resources.

In all three situations, resources needed for the daily business can become scarce in absolutely terms or the possibility of exploiting a resource on a long-term basis is threatened and thus also the survival of the organization. In other words, organizations face three kinds of problems – often simultaneously:

- Problems of maintaining social legitimacy (or the 'license to operate'),
- Problems of controlling the externalities on resources and organizational environments created also by organizations themselves and
- Problems of sustaining long-term supply of resources.

Of course, not all resource scarcities or effects are caused by organizations themselves but our belief is that the strong focus on (financial) performance and organizational effectiveness tends to neglect the factor that organizations see and understand other effects (e.g. 'externalities') they are producing which may potentially affect their future business situation. In addition, we believe that organizations need a better understanding of what their resource base is and how this base can be regenerated, developed and renewed in order to have resources for doing business in the future.

1.2 Importance of Sustainability for HRM

The problems described so far raise questions to consider how companies treat their resources and to explore what needs to be done to sustain the company's resource base. There is evidence for the practical and scholarly relevance of the topic of sustainability and HRM on corporate websites, in surveys from consultancies and in first exploratory research studies. Many companies worldwide have committed themselves to 'sustainability' or 'sustainable development' or at least assert this on their websites and in their sustainability reports (e.g. Ehnert 2009b) but it is not always clear whether this is a marketing/public relations stance or reflects the reality within the organization.

While many enterprises have focused on the potential of sustainability to reduce an organization's ecological impact (e.g. ecological footprint) or to reduce the consumption of resources and energy, not very many have thought about what sustainability means to them when dealing with people within or perhaps also outside of their organizations. Meanwhile they have not thought about how ecological sustainability strategies might have an impact on how they deal with social or human aspects of business life. There is no doubt that Multi National Enterprises (MNEs) especially but also Small and Medium Enterprises (SMEs) need to consider global ecological challenges when understanding businesses activities because their corporate viability depends on it or because many have discovered that they are responsible for their business activities, beyond immediate activities, or that ecological concern is expected from them by their stakeholders.

However, taking sustainability or sustainable development seriously as a corporate strategy will sooner or later be of relevance for the company's strategic HRM, as well (see Cohen et al. 2012; SHRM 2011). As a website content analysis has revealed, many enterprises communicate the importance of sustainability for HRM as way to reach one or several of the following objectives (Ehnert 2009a, b):

- Attracting and retaining talent and being recognized as an 'employer of choice',
- Maintaining employee health and safety,
- Investing into the skills of the workforce on a long-term basis by developing critical competencies and lifelong learning,
- Supporting employees' work-life-balance and work-family-balance,
- Managing aging workforces,
- Creating employee trust, employer trustworthiness and sustained employment relationships,
- Exhibiting and fostering (corporate) social responsibility towards employees and the communities in which they are operating, and
- Maintaining a high quality of life for employees and communities.

Not all of these topics are traditionally part of HRM but the fact that these topics are raised is an indicator for the perceived importance of people as human resources that need to be developed, cherished and sustained in several ways rather than the 'hire and fire' attitudes of many employers before legislation and concern for the long term changed the employer/employee relationships (e.g. Wilkinson and Townsend 2011).

Further evidence for the relevance of sustainability for HRM is indicated by consultancy surveys. For example, PriceWaterhouseCoopers (PWC) have published a report on 'Managing tomorrow's people' in 2007. One of their four key scenarios for the future of work and for attracting the generation Y talents describes enterprises with a strong focus on sustainability, green management and social responsibility. PWC's scenarios can be interpreted in a way that not all companies will become sustainable organizations but that at least an increasing number will opt for this strategic choice. Emphasizing the importance of HRM, PWC recommends that a robust and transparent corporate sustainability strategy should be linked with the organization's people strategy and employee engagement. The professional services company KPMG (2011) observes, when discussing its audit provision, that in the process of engaging in sustainability financial corporate reporting no longer is a stand-alone function. Instead, finance is increasingly integrated with sustainability and corporate social responsibility reporting. Again, this could be interpreted as pointing towards the importance of Sustainable HRM because many of the data reported such as number of employees participating in human resource development practices, number of absent and sick employees or turnover rates are data coming from the core of HRM. Nevertheless, it remains to be proven whether new indicators will be used for measuring sustainability in HRM or whether practitioners and researchers continue using only these well-known indicators.

To summarize the relevance for practice and research, Boudreau and Ramstad (2005) assert that "HR has an important role to play in sustainability" (p. 134) a position with which the authors in this book fully agree. The relevance of HRM in developing sustainable and/or responsible organizations has often been overlooked in the past (see also Cohen et al. 2012) and we feel that it is still mostly overlooked today. As the communication on websites is not identical with what companies are actually doing or how practices are perceived and accepted by those working for the companies, adds to the relevance of researching the topic. This book seeks to address this gap and all of our authors have found themselves confronted with questioning the paradigms of their 'home disciplines'. We invite further practitioners and scholars to embark on the journey of exploring the full potential of sustainability for HRM and for managing social and human resources in organizations.

In this book, we understand the importance of sustainability for HR practice and research in a double role (see also Cohen et al. 2012). First, in the role of developing and implementing sustainable work and HRM systems (Sustainable HRM) and second, in the role of supporting the implementation of corporate sustainability strategies – a task that is so far largely in the realm of sustainability or Corporate Social Responsibility executives and departments. Our goal with this book is to advance and bring together conceptual thought and empirical research on the meaning and motifs of sustainability for HRM, on how to design and evaluate sustainable HR strategies and practices, to enhance our understanding for the complex, non-linear interrelationships, potential paradoxes and tensions between economic, ecological, social and human sustainability and for the increasing role of HRM in these processes.

In the remainder of this introduction, we elucidate the conceptual underpinnings of sustainability, sustainable development and HRM embraced in this book. We are aware that sustainability is a broad, multifaceted term used in multiple application contexts and thus we start by reviewing the historical roots and dimensions of sustainability and sustainable development. Next, we depict definitions of sustainability for the business context by describing both ethical and economical interpretations of sustainability and their interrelations. Third, we define the key concepts for this volume and we provide an overview on existing literature on sustainability and HRM, both on the role of HRM in developing sustainable organizations and in developing Sustainable HRM systems. As a conclusion, we summarize the limitations and gaps in prior research and outline our agenda for this book. Finally, this introduction will provide short summaries of the chapters included in this volume.

2 Sustainability and Sustainable Development: An Overview

Sustainability is a term that has been applied widely, in different disciplines as well as in everyday language and in political debates. But, what *is* sustainability? How can we define the term in the business context and how can we define it for HRM? In this section, we examine the roots for the understanding of sustainability today, we shed light on different definitions and dimensions of sustainability and we examine the underlying rationalities for sustainability.

2.1 Historical Roots of Sustainability and Its Dimensions

In general jargon, sustainability is often used in the sense of 'long-term', 'durable', 'sound' or 'systematic' (Leal Filho 2000, p. 9). The historical origin of sustainability is difficult to trace (see Leal Filho 2000). But, the idea behind sustainability is certainly very old. At its core, sustainability refers to the ideas of 'reproduction' and 'self-sustainment' in order to ensure a system's long-term viability or survival. The etymological origin of the term 'sustainability' is the Latin word '*sus-tenere*' (to sustain) with the suffix '*able*' refers to an ability (see Ehnert 2009a). In this sense, sustainable development can be interpreted as the ability of a society, an organization or an individual to maintain, strengthen and to develop itself (its resources, capital etc.) from within. Although Aristotle did not explicitly use the term sustainability, he has already used these ideas to develop his concept of a 'household' (Greek *okoi* or *oikos*). His oikos was characterized by the ability to (re-)produce what was needed for a living and in this sense was at least to some extent self-sustaining (see Nagle 2006; Müller-Christ 2001).

This idea of self-sustaining systems has been translated into the maxim that 'less capital or resources should be consumed than can be reproduced' and was the core idea for establishing sustainability in the forestry and fishing sectors in Europe from the twelfth century onwards and later in USA and Canada (see e.g. Leal Filho 2000), while in Japan forests were protected from the sixteenth century onwards. In these industries, sustainability was applied as an *economic principle* in the first place because the resources (e.g. wood as a source of energy while a supply of fish provides sustenance) were vital for doing business on a long-term basis (see Kaufmann 2004). As the idea of self-sustaining systems is also highly relevant from an ecological and eco-systems point of view, it has been applied to global ecological and social challenges.

The political and public debate on ecological sustainability was fuelled by the first report of the Club of Rome ('Limits to Growth' by Meadows et al. 1972) that aimed at raising the awareness for the earth's limited natural resources and life carrying capacity and the limits of uncontrolled economic and population growth. Despite all criticism that might be raised with regard to the computer-based modeling approach, the report raised awareness for global systemic interrelations and thus can be interpreted as "a starting point of a worldwide discussion on sustainable development" (Zink 2008, p. 5). In the course of this debate, sustainability was established as an *ecological principle* and also a *human development principle*.

In particular, the United Nation's World Commission on Environment and Development (often referred to as the Brundtland Commission) contributed to the popularity of the term with its report and definition of sustainable development as a "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED 1987, p. 43) and stimulated the application of the terms sustainability and sustainable development on a broad political and corporate scale (e.g. Anand and Sen 2000; Gladwin et al. 1995). In the decades after this global, societal definition of sustainability, the primary focus was on the environmental dimension of sustainability while in the last decade the social dimension of sustainability has received stronger attention (Dyllick and Hockerts 2002). Sustainability has been applied in various disciplinary and application contexts and has become of importance in situations of crisis and change induced by resource shortages along with the impact ('side and feedback effects' or 'externalities') of business activities on the natural environment or on human health. First, ecological challenges were in the center of practitioner and scholarly activities, questions of how to reduce the impact of business activities on the natural environment and how sustainability could be used as an idea to induce a paradigm shift in management research and practice (e.g. Gladwin et al. 1995).

However, several authors in different parts of the world have asserted that sustainability is *more* than a concept for environmental management and that it can be more than social sustainability (i.e. socially fair, ethical behavior). It is also a challenging idea for those interested in work systems, employee relations and in human resource management (e.g. Docherty et al. 2002; Pfeffer 2010; Wilkinson et al. 2001; Zaugg et al. 2001). In this vein, the concept of 'human sustainability' has emerged as relevant for individuals and for organizations (Pfeffer 2010). But, before we discuss this, we will consider different ways and also difficulties in defining sustainability for the business context. In business practice and research, we have identified economically instrumental as well as ethical interpretations of sustainability pointing towards the underlying rationalities.

2.2 *Defining Sustainability for the Business Context*

In the international debate, companies have been identified as actors of major importance to achieve progress in sustainable development (e.g. Bansal 2005). While there is certainly consensus about the crucial role of companies in this process, the task of translating 'sustainability' or 'sustainable development' into a meaningful concept at the business level is challenging. The difficulty is that companies do not possess the same rationalities or logics as societies and that this leads to difficulties in integrating the economic, ecological and social dimension addressed by the Brundtland Commission's report. From a systems perspective, rationalities are the logics underlying the functioning of a system (Luhmann 1986, 1995). Economic social systems, such as organizations, traditionally follow economic rationalities (e.g. efficiency, effectiveness) but (Western) societies may follow also more ethical, value-based rationalities (e.g. social responsibility). Therefore, key questions in sustainability research include: 'Why would organizations engage in sustainable development and sustainable business behavior?' (e.g. Salzmann et al. 2005) and 'How can the idea of sustainable development be operationalized at the business level?' (e.g. Hahn and Figge 2011).

In the sometimes heated and emotional debates (including those amongst scholars), two basic rationalities are offered to provide reasons for sustainability and for sustainable business behavior which are identified as social responsibility and economic reasoning. Both of these rationalities are relevant for developing sustainable organizations. It seems that these rationales are often used unconsciously in the sustainability discourse and sometimes they are intertwined (for an overview see Ehnert 2009a, but also Kozica 2011). This raises the questions about the meaning, nature, forms and relationship of the rationales and about their practical implications. It is not the purpose of this introduction to analyze every possible combination. Instead, we focus on three core alternative lines of thought and the proposed assumptions about the relationships that dominate the discussion. These meanings vary with regard to the underlying motifs and they can have different implications for dealing with people in organizations.

2.2.1 Ethical Interpretations of Sustainability

In the 'normative', in the sense of value-based, debate sustainability is interpreted as a social responsibility i.e. as a moral, ethical value. This normative debate has its roots on the one hand in the societal movement linked to the Brundtland report and the subsequent political activities (see also Anand and Sen 2000; Gladwin et al. 1995) and research on corporate sustainability (e.g. Bansal 2005). On the other hand, the normative debate is fuelled by the practical and academic discourses on CSR, on business ethics and on the success of stakeholder theory (see Chapters in this volume). Today, the concepts and practices of corporate sustainability and CSR often overlap (for a comparative analysis, see Montiel 2008). In corporate sustainability literature, the social dimension of sustainability is often used synonymously with the concepts of CSR (Bansal 2005) or with business ethics (see Jones Christensen et al. 2007). A frequently cited definition from Carroll (1979) understands CSR as "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" (p. 500). As described, the sustainability discourse analyses the externalities of business activities (such as environmental pollution) and this does not comply with the expectations of many (Western) societies of organizations. In addition, acting in a socially responsible way is often suggested as a correction of 'unsustainable' business behavior especially following the financial crisis starting in 2007 which was mainly caused by unsustainable borrowing (e.g. consumer credit and real estate acquisition) and short term profit seeking by banks and other financial institutions. Hence, sustainability is often used synonymously to social responsibility. However, other than business ethics, sustainability does not focus solely on moral or ethical problems in the business context and other than CSR it does not focus on the control of business activities alone (Jones Christensen et al. 2007).

The theoretical roots of the responsibility-oriented understanding of sustainability are in business ethics, economic ethics and in stakeholder theory (for example, Freeman 1984). The responsibility-oriented understanding of sustainability is based on the implicit assumption that "needs" and "equity" are generalizable, universal values across different generations and cultures (see Anand and Sen 2000). This can become problematic because the key choices related to the preferences of future generations are very difficult to operationalize for decision-making in HRM and this might end up in debates about right and wrong becoming a 'matter of belief'. The need for belief is partly explained by the problems of measuring currently the benefits of working sustainably in the future. We cannot accurately know now if the 'right' decisions are being taken so the debate ends up in discussions of belief. This stance alone is insufficient to legitimize sustainability for HRM although in the corresponding research areas important steps are made with regard to the theoretical foundation of an ethical perspective in HRM (e.g. Kozica 2011; Greenwood 2002). A position is also critical if sustainability is regarded as 'good' in general without reflecting about the underlying motifs, objectives, values and interests served (see also Ehnert 2009a).

The strength of the social responsibility-oriented understanding of sustainability is that it highlights the importance of the business-society relationship for today's companies, the importance of an active role that companies are expected to take in this process and it helps identifying a problem: Our traditional economic model fosters an organizational behavior which produces externalities for corporate natural, social and human environments and individuals even at the risk of their destruction. However, companies depend on these environments and on the legitimacy of their activities ('license to operate') within them. The social responsibility approach shifts the attention to the tensions between 'social responsibility' (humanism) vs. 'economic rationality' (instrumentalism) and thus offers one explanation of why companies have started applying the concept of sustainability for HRM – to achieve social legitimacy (Ehnert 2009a). Instead of financial performance, the concept of social performance comes to the fore. At the corporate level, Elkington (1994) is one of those who have translated sustainability as the 'Triple Bottom Line' which means that the traditional financial bottom line is complemented by a social and an ecological bottom line. In our view, the ethical dimension can provide a value-framework for business choices on sustainability; however, there are also economic arguments for sustainability beyond the traditional business case.

2.2.2 Economically Rational Interpretations of Sustainability

The traditional economic rationale is to use corporate resources efficiently and effectively (Jensen and Meckling 1976) and to maximize shareholder value within the legal framework (Friedman 1970). In this case, the rational economic choices of business organizations do not include considerations beyond individual, profit-maximizing behavior – no matter what the ecological or societal costs or downsides. But, as Hardin (1968) has already emphasized in his 'Tragedy of the Commons', individual rationality can lead to collective irrationality and this also seems to be the case with individual economic actors only following the traditional economic rationality of efficiency and effectiveness in terms of finance and profit. What is individually rational from an efficiency-oriented perspective can become collectively irrational from a sustainability perspective. For example, from an individual shareholder and efficiency point of view it is effective not to invest too much in good working conditions, because if bad working conditions are causing problems (e.g. early retirement) the society as a whole is paying for it. However, this individual rationality is not at all rational and sustainable when many actors are behaving the same way that collective systems (e.g. social systems) collapse or get under high pressure to behave in a cost efficient way, too. Then, individual actors might realize that it is more sustainable in the long run to invest in good working conditions. This is then also effective from a shareholder's point of view. The calculation changes in particular when employees cannot be replaced because demographic developments (in some countries) are reducing the overall workforce.

Today, business behavior following the traditional economic rationale has been widely criticized in the literature on corporate sustainability but also by mainstream management scholars (e.g. Porter and Kramer 2006, 2011). The global impact of the business activities (e.g. climate change, reduction of biodiversity, irreversible damage to natural eco-systems) have accelerated the discussion around the question 'When is sustainable business behavior economically rational?' (for example, see, Collier 2010 and Litvin 2003). Business organizations themselves have provided reasons such as value creation, performance, long-term business success, legitimacy for managerial action, creating accountability and transparency, improving the quality of life for employees and societies (Ehnert 2009a). One of the key arguments in the 'business case' discussion for sustainability is that sustainable business behavior can either help

- To reduce costs (by reducing the consumption of resources such as energy or by reducing waste),
- To reduce risks of losing social legitimacy (by internalizing costs from the impact on natural and societal environments) and
- To create value (by greening the product/service and thereby attract consumers willing to pay higher prices or by addressing needs such as those 'at the bottom of the pyramid' which had not been addressed before).

This business case approach attempts to solve a problem using reasoning that has contributed to creating the global sustainability challenge (Wilkinson et al. 2001). It can therefore be questioned if this approach is sufficient. Business organizations still use resources but try to extend the length of time these resources are available. Resource generation, regeneration and renewal are neglected (Müller-Christ 2011). The general logic of balancing consumption and reproduction of resources is often applied in organizations in finance and accounting with regard to financial capital in order to guarantee a company's liquidity and the ability to survive economically (see Anand and Sen 2000). However, the principle is not applied systematically with regard to other resources in organizations (see the concept of Sustainable Resource Management, Müller-Christ 2001). For a more systematic but still economically rational approach, Müller-Christ and Remer (1999) have proposed that sustainability can be defined as the long-term *balance of resource consumption/resource reproduction >/= 1* (p. 70). This understanding of sustainability can be applied to all resources in an organization, also to people management or resources such as trust or legitimacy and the authors interpret it as an economic rational to follow this logic in addition to efficiency-oriented thinking.

This formula helps operationalizing sustainability at the firm level by differentiating between resource-consuming and resource-regenerating choices. In practice, this rationale has been applied, for example, within a sustainable coffee supply chain, sustainable textile supply chain, a zero emission park or in HRM. This approach is based on the assumption that business organizations need to learn how to be efficient/effective and sustainable ensuring a supply of critical resources ('substance') for future business activities. In the current institutional framework, it is particularly promising if this approach is coupled with an ethical dimension of what kind of supply-ensuring activities are morally acceptable and if the approach is used for a company within its context (e.g. supply chain, partnerships) where the collaborating companies agree to follow this understanding of sustainability. The questions to ask include: Shall we have access to these resources in the future? Do we need these resources to do business? Can we substitute the resources with more regenerative ones? Where do these resources come from ('origin')? What do we need to do to reproduce (regenerate, develop) these resources and to ensure that 'resource holders' are not only willing but also able to supply us with these resources? These questions can support organizations in analyzing products where material resources are used and can guide the analysis of knowledge-based services.

Zink (2008) points out that today's understanding of sustainability as an economic principle for a modern, global economy is much more complex than in earlier centuries because "the relevant time span and interrelations are significantly broader (p. 4)." One of the key problems is to decide *what* needs to be sustained to guarantee long-term viability of a system or organization while another question is *how* this can be done. From a broader global and societal perspective, we need all three rationales for sustainability to foster change and transition towards more sustainable business models. We need: *responsible* managers, leaders, employees, customers, voters. We need to be more *efficient* with the resources we are using and avoid waste and pollution. We need to invest in the *regeneration and development of resources* that we need in the future (including people, relationships) (see integrative approach, Ehnert 2009a). The pressing challenges will be either to decouple growth, well-being and quality of life from resource consumption or to find ways of doing business in a more regenerative way. As emerging economies are quickly catching up with and imitating the resource-intensive life-style from the West, all will have to cope with the severe impact of our current business models if we do not learn to think and act beyond the traditional efficiency rationale.

2.2.3 Relationship of Sustainability Rationales and Dimensions

Although many authors are inspired by the Brundtland Commission's definition of a societal sustainable development, there is no consensus about the definition of sustainable development at the business level. There are also varying positions on the relationship of the three sustainability dimensions, economic, ecological and social sustainability. For example, the Brundtland Report (WCED 1987) and the Triple Bottom Line approach (Elkington 1994) are based on the assumption that all three dimensions (or: 'pillars') are of equal importance and need to be integrated. Leal Filho (2000) summarized the meaning of sustainable development in the literature which illustrates this assumption:

> [sustainable development is] the systematic, long-term use of natural resources (as defined in the Brundtland Report) so that these are available for future generations, the modality of development that enables countries to progress, economically and socially, without destroying their environmental resources [. . .], the type of development which is socially just, ethically acceptable, morally fair and economically sound [. . .], the type of development where environmental indicators are as important as economic indicators. (pp. 9–10)

This first assumption about the sustainability dimensions is often illustrated by three overlapping circles (the three 'pillars') which implicitly indicate that win-win-win-situations between the three pillars can be created. This assumption seems to be widely accepted in business practice and academia as long as it is formulated at an abstract level. However, as soon as the concept of corporate sustainability is operationalized at the firm level, the economic dimension of the concept becomes dominant because tensions occur (see Ehnert 2009a, b; Hahn and Figge 2011).

Accordingly, the second view on the relationship of the sustainability dimensions is based on the assumption that economic sustainability is the most important dimension and that ecological or social sustainability are only important as long as they contribute to an increase in economic success (e.g. McWilliams and Siegel 2001). While the first view might be at times optimistic and naïve, we think that the latter has too little chance that fundamental change is made in business organizations towards sustainable organizations (and a broader societal sustainable development). The reason is that choices for social and ecological sustainability would only be checked for their ‘business potential’. This might lead to a bias toward the economic dimension and rule out potential solutions that are useful from an ecological or social point of view (for an analysis see also Hahn and Figge 2011). The reason for this is what Gladwin and colleagues (1995) have called a ‘disassociation’ between management theories and the natural environments.

> Theories employ organismic metaphors restricted to only humanly mediated transactions across organization-environment boundaries, ignoring the myriad ecosystem service transactions that ultimately keep organizations alive. (p. 875)

This disassociation or theoretical blinder can hinder management, organization and HRM theorists in making sense of the phenomena (Gladwin et al. 1995).

A third view on the relationship between sustainability dimensions has argued that the ecological dimension is in fact the limiting pillar and therefore needs to be imagined as a ‘circle’ and that the societal and economic ‘circles’ need to be placed into the ecological circle. This figure with three circles, one in the center of the other, clearly emphasizes that – at a global level – we all depend on the functioning of the natural eco-systems that surround us. This sustaincentric (Gladwin et al. 1995) approach tries to make an association between sustainable behavior and the survival of the human race upon the planet. It says that we can only do business within these ecological boundaries – if we wish to survive and keep our current standard of living.

The difficult task still is to operationalize sustainability at the individual firm level as awareness for the global situation usually is often out of sight in daily business practice. We suggest that solutions need to reconsider and reframe our understanding of ‘success’ and ‘performance’ (see also Hahn and Figge 2011). Therefore, economic success in the sense of maximizing financial performance is not the adequate criterion. Instead, broader criteria are needed, integrating also environmental and social aspects i.e. what Hahn and Figge (2011) call ‘inclusive profitability’. Then the discussion focuses not on how sustainability can contribute to economic performance but also on social and ecological performance and on the discussion about the rationales behind economic choices. While this is a functional and instrumental view, from an ethical stance, the criterion would not be *if* we survive but *how* we survive (e.g. quality of life).

For our volume, sustainability is relevant for the economic, ecological, social and human dimensions because we consider that there is sufficient evidence to predict that long-term viability of modern organizations depends on their ability to ensure long-term maintenance, and supply, of natural resources but also social and human resources – although few seem to be aware of this. We argue that sustainability is a concept which can be used at multiple levels, for all dimensions which are of importance, for organizations, sub-systems including HRM and for individuals. Sustainability in one dimension can reduce *or* increase sustainability in another dimension and interrelations can be very complex and need to be controlled or monitored or at least recognized and considered. In prior literature, however, the dimension of human sustainability has not been sufficiently discussed. For this book, our focus is on social and human sustainability and the relationship to economic sustainability in most of our chapters because research on how to advance social and human sustainability in organizations and in particular from an HRM perspective has been neglected (e.g. Pfeffer 2010). However, we understand that the ecological dimension provides the global boundaries which we need to respect if we consider doing business in the long-term. Accordingly, the ecological dimension needs to be considered too in corporate and HRM decision making (e.g. Special Issues edited by Ehnert and Harry 2012; Jackson et al. 2011). For this volume, however, we have decided to focus primarily on the – already complex – interplay between economic, social and human sustainability.

3 Sustainability and HRM

As people in organizations are one of the most important resources – if not *the* most important one – and as human resources can also become scarce or can be exploited in organizations, sustainability has also become a concern for those interested in people in organizations, in work and in HRM systems. We define the basic terms used in this book and then we would like to sketch out key research which has an impact on the development of the Sustainable HRM field.

3.1 Key Concepts and Levels of Analysis

We apply an interdisciplinary approach in our book, we have not 'streamlined' the different terms and definitions our authors use. However, we have identified some core concepts which we would like to clarify. Gladwin and colleagues (1995) have asserted much confusion is created in the emergence of sustainability as a new concept and we feel that this is also true for the emergence of sustainability in HRM and related areas. It is also the purpose of this volume to contribute to clarification of concepts and definitions. In addition, our authors provide insights and ideas about *what* or *who* needs to be sustained (individual capability and skills, individual internal resources, work systems, employer-employee relationships, networks, institutions etc.) in order to employ people in a sustainable way and in order to achieve corporate sustainable development. Also, our authors provide interesting, sometimes practice-based and sometimes provocative suggestions about how to operationalize sustainability and about how to translate it into shared meanings or into measurable processes and outcomes. Leal Filho (2000) asserts that shared meanings of sustainability are important because these are linked to shared attitudes – a prerequisite necessary for successful implementation of sustainability in organizations. Ehnert (2009b) analyzed potential shared meanings of sustainability and the underlying rationalities which can also be found in applying sustainability to people management.

3.1.1 Defining Human Resources, Human Factors, HRM and Work Systems

The terms used to describe people in organizations are usually linked to certain disciplines and basic assumptions. The terms 'human resources' and 'Human Resource Management (HRM)' are used in the HRM field. The objective of this field is to describe, explore and design the value of HRM systems for achieving organizational goals and to provide suggestions about how to treat individuals, groups or mangers in order to ensure their ability and willingness to contribute to organizational goals efficiently and effectively over the long term. We refer to HRM as a broad, generic term equivalent to people management (Boxall 2007, p. 49), not to a specific version (or discourse). The employment relationship, i.e. "the connection between employees and employers through which individuals sell their labor" (Budd and Bhave 2010, p. 51) is at the core of people management. This involves decisions about individual employees, but also rules or policies enabling or constraining this decision-making.

Traditionally these rules in HRM followed the economic imperative. Human resources are regarded as a production factor that can be used like any other production factor such as building materials, machines etc. In this sense, human resources can be exploited as much as possible and also be abandoned (laid off, downsized) when the people are not needed any more and when their work is no longer useful for the achievement of organizational goals. This view identifies people as 'objects' and it has been criticized by scholars as considering people as 'subjects' – a position which has its roots in the human relations and welfare traditions of management (see Brewster and Larsen 2000).

In the meantime, the term human resources has developed and it has been recognized broadly in the HRM discipline that the human resource is a very particular resource which has "needs and wants and can respond and react" (Brewster and Larsen 2000, p. 11), which cannot be owned by companies and which is potentially mobile and has its individual goals (Helfat et al. 2007). This understanding of human resources implies that people in organizations are valuable assets that need to be developed and 'cherished' as asserted by Brewster and Larsen (2000 p. 423). Both positions, if regarded from the traditional economic view only, see that the value of the human resource is linked to organizational goal achievement (see also Wright and McMahan 1992) that is human resources are means to an end.

In addition, Collis (2001) has shown that some highly successful organizations build upon HR capability to seek business opportunities to suit their people's abilities and preferences. That people are not only 'means' and that their value goes beyond the financial value they produce for organizations, is addressed in the critical literature (e.g. Greenwood 2002) and also in Sustainable HRM (e.g. Ehnert 2009a, 2011). From this viewpoint, human resources are much more than their contribution to immediate financial usefulness. However, it is not denied but accepted that people are 'used' somehow for organizational goal achievement as long as they do it voluntarily (see also Greenwood 2002). Means to ends or ends in themselves, the question remains "Why organizations would engage in Sustainable HRM or in managing their human resources in a sustainable way?"

In this volume, we consider people as subjects – with their own needs and wants, with a life beyond the organizations they work for. We also follow a general definition of 'human resources' from Schuler and Jackson (2006) as those people who contribute currently or potentially "to doing the work in the organization" (p. 13) or who have done so in the past. As we work across different disciplines, we also consider the term 'human factors' which stems from the discipline of ergonomics (or human factors) and can be defined as "the scientific discipline concerned with the understanding of interactions among humans and other elements of a system, and the profession that applies theory, principles, data and methods to design in order to optimize human well-being and overall system performance" (International Ergonomics Association 2011). Ergonomics or human factors as an inter- and multidisciplinary science accepts the uniqueness of man which excludes using people "only" as a production factor, but includes that work (also) leads to economic results. Though, there exists a different normative basis between ergonomics and the traditional approaches to HRM, some developments in recent years (like the demographic challenge i.e. more people with greater expectations of material consumption) show a need for (a further) collaboration or even integration of both fields. The work in this volume on sustainability and human resources can serve as an example for the increasing need to step beyond disciplinary boundaries.

3.1.2 Sustainable HRM as an Umbrella Concept and Levels of Analysis

As described in the section on sustainability definitions, not only do multiple definitions exist of sustainability but, depending on the kind of definition, overlaps also exist with concepts such as social responsibility. For the practitioner as well as for some academics it might not be easy to identify immediately the key messages in this diversity of interpretations. Moreover, the danger might be that old messages are hidden behind new terms (old wine in new bottles). However, for this book, we still accepted multiple definitions of sustainability as we agree with Leal Filho (2000) that disciplines and contexts are too diverse to put them into a single mold.

We use Sustainable HRM as a broad umbrella term which was coined by several sources independently from each other. Both in the Swiss and the German context, Sustainable HRM has been in use by a small but growing number of scholars. For example, Thom and Zaugg (2004) have defined Sustainable HRM as "those long-term oriented conceptual approaches and activities aimed at a socially responsible and economically appropriate recruitment and selection, development, deployment, and downsizing of employees" (p. 217; translated by Ehnert 2009a, p. 73). Müller-Christ and Remer (1999) proposed to define Sustainable HRM as "what companies themselves have to do in their environments to have durable access to skilled human resources" (p. 76; translated by Ehnert 2009a, p. 74). Ehnert (2009a) has attempted to search for a broader understanding of Sustainable HRM and at the same time rooting it in the (Strategic) HRM discipline. Therefore, she has defined it as "the pattern of planned or emerging human resource strategies and practices intended to enable organisational goal achievement while simultaneously reproducing the HR base [inside and outside the organization] over a long-lasting calendar time and controlling for self-induced side and feedback effects of HR systems on the HR base and thus on the company itself" (p. 74).

The focus of all three definitions is to make HRM systems themselves sustainable. For this volume, we open up the discussion on sustainability and HRM and refer to Sustainable HRM as a new approach to the employment relationship considering corporate and societal goals of ecological, social, human and economic sustainability. To conclude, we understand Sustainable HRM as a design option for the employment relationship and as a contribution to sustainable corporate development.

3.2 Key Research Areas on Sustainability and HRM

We see several academic roots for the emerging work on sustainability in HRM and a variety of research areas and disciplines contributing to the topic. These roots can be found firstly in corporate sustainability (CS) research (e.g. Colbert and Kurucz 2010; Müller-Christ and Remer 1999; Sroufe et al. 2010; Wirtenberg et al. 2010), second in Corporate Social Responsibility (CSR) research (e.g. Preuss et al. 2009), third in Sustainable Works Systems research (e.g. Docherty et al. 2002, 2009; Kira 2003; Kira and Forslin 2008), fourth in articles with a critical stance towards traditional (Strategic) HRM concepts and practices (e.g. Mariappanadar 2003; Gollan 2005; Paauwe 2004; Pfeffer 2010; Wilkinson et al. 2001; Wilkinson 2005), and fifth in ergonomics and human factors research (e.g. Zink 2008). Today, research is emerging under the labels 'Sustainable HRM' (e.g. Ehnert 2009a; Guerci 2011; Zaugg 2009), 'Socially responsible HRM' (e.g. Cohen 2010; Cohen et al. 2012; Hartog and colleagues 2008), or 'Green HRM' (Renwick et al. 2008; Jackson et al. 2011; Jabbour and Santos 2008) depending on the key focus of the approach.

We use the term Sustainable HRM to indicate a broad, encompassing perspective because we think that sustainability in HRM is relevant at multiple levels of analysis (effects on individuals, HRM, organization and society), that multiple dimensions need to be considered (economic, ecological, social, human sustainability), and that dynamics over time (short-, long-term effects) need consideration since there are interrelations and effects between the levels and dimensions. These interrelations and effects are difficult to understand if we use too narrow conceptual boundaries or if we analyze HRM only at one point in time. Following Cohen and colleagues (2012) for the purpose of this edited volume we broadly distinguish between research that is looking at the role of HRM in developing socially, ecologically and economically sustainable business organizations and articles which addresses the role of HRM in making HRM systems sustainable. This distinction also guides the contents of our book.

Early work on sustainability and human resources covered thoughts on how to link the sustainability idea to HR issues (i.e. how to make HRM systems more sustainable). Initial ideas on sustainability and HRM provided the articles from Wilkinson and colleagues (e.g. Wilkinson et al. 2001; Wilkinson 2005), from Mariappanadar (2003) on Sustainable HR strategy, and from Zaugg and colleagues (2001) and Müller-Christ and Remer (1999) on Sustainable HRM. Docherty and colleagues (2002, 2009) and Kira (2003) have approached work-related side and feedback effects such as health problems from a Sustainable Work Systems perspective and explore how to design work systems in order to develop and regenerate employees instead of 'consuming' and exploiting them. The key contribution of this work is to show the relevance of corporate sustainability issues for HRM and to reflect on the idea of using sustainability as a concept for HRM itself. Following these early contributions, in particular two streams of work began to emerge (see also Ehnert and Harry 2012).

3.2.1 Research on the Role of HRM in Developing Sustainable Organizations

Currently, there is no consistent agreement about what is a 'sustainable organization'. We understand that a sustainable organization is not only economically sustainable, but it is also ecologically and socially. From an instrumental view, ecological and social sustainability include the belief or intention that organizations reduce the impact of their activities on their natural and social environments because it might prevent them from doing business in the long run or because unsustainable behavior poses certain risks to the viability of their business model. From a moral stance, ecological and social sustainability include ideas such as fairness or quality of life. Here, we think that it is important that those actors concerned can participate in shaping the moral standards, for example, by following discourse ethical techniques (e.g. Kozica 2011). Some authors have pointed towards the importance of researching the role of HRM in implementing or even creating corporate sustainability strategies (e.g. Colbert and Kurucz 2010; Sroufe et al. 2010; Wirtenberg et al. 2010).

Although we feel that it does make sense to research the interrelationships between different sustainability dimensions, research reality often forces scholars to focus on certain aspects. Hence, for example, we find contributions in the literature on Green HRM focusing on environmental sustainability in business organizations. Key objectives of this literature are to raise the awareness of HR executives and scholars on the importance of considering the environmental dimension in HRM. This research has made initial suggestions about how to integrate and implement environmental sustainability in existing HR functions (e.g. Jabbour and Santos 2008; Jackson et al. 2011; Renwick et al. 2008). We also find research on socially responsible HRM as indicated above. Lastly, we find first ideas on the role of HRM in developing a sustainability culture in business organizations and sustainability leadership (e.g. Sroufe et al. 2010). The key contributions of this pioneering work are that the – often still missed – opportunities for HRM practice and research are pointed out, that first suggestions how to apply sustainability to HRM are made and that HRM is linked to a broader societal debate on sustainability.

When transferring the sustainability idea to HRM, scholars frequently seem to relate their argument to the Brundtland Commission's definition creating the risk that underlying assumptions of this broad concept are transferred. For example, Schuler and Jackson (2005) include social responsibility towards stakeholders within their framework of Strategic HRM by suggesting that "success requires meeting the present demands of multiple stakeholders while also anticipating their future needs" (p. 24). Boudreau and Ramstad (2005) put forward the idea that sustainability could serve as a new paradigm for HRM and define it as "achieving success today without compromising the needs of the future" (p. 129). In an analogy to corporate sustainability literature, the authors assert that sustainability sheds new light on understanding organizational success by going beyond the traditional focus on financial results. Finally, Mariappanadar (2003) developed a Sustainable HR strategy which he defines as "the management of human resources to meet the optimal needs of the company and community of the present without compromising the ability to meet the needs of the future" (p. 910).

3.2.2 Research on the Role of HRM in Developing Sustainable HRM Systems

Research on how to make HRM itself sustainable has been inspired by the literature on Sustainable Works Systems (e.g. Docherty et al. 2002, 2009; Kira 2003; Moldaschl and Fischer 2004), by Strategic HRM research (e.g. Beer et al. 1984; Boxall and Purcell 2003; Paauwe 2004) and by corporate sustainability research (as described above). In this literature, the concept of 'Sustainable HRM' has been advanced as an umbrella term (see also Special Issues in *Human Resource Management*, 2012 and in *Management Revue*, Ehnert and Harry 2012).

Nevertheless, especially in the literature inspired by CSR research, the term 'socially responsible HRM' has appeared. Our understanding is that Sustainable HRM overlaps with a socially responsible HRM but offers more.

Zaugg et al. (2001) have investigated the sustainability interpretations of HR executives and emerging Sustainable HRM practices, and Zaugg (2009) has consolidated these findings with case studies on Sustainable HRM in Swiss companies and with the first systematic analysis on a Sustainable HRM approach. Mariappanadar (2003) has addressed externalities of a particular HR practice, i.e. the externalities of downsizing and has developed first suggestions for a sustainable HR strategy on which he expands in this book. Boudreau and Ramstad (2005) have applied the idea of sustainability for managing talents strategically and supporting choices on human capital taking into consideration that in the future, organizational effectiveness will go beyond traditional financial performance considerations. Building on this prior research, Ehnert (2009a, 2009b) has explored the link between sustainability and HRM on corporate websites and proposed a model for Sustainable HRM from a strategic and paradox perspective. In the Italian language, Guerci (2011) has proposed a stakeholder perspective for Sustainable HRM and elaborates this view in this current book with his colleagues Luca Solari and Rami Shani. In parallel to these mostly European contributions to Sustainable HRM, Clarke (2011) has edited a volume of 'readings on sustainability and HRM' providing new ideas from Australian scholars on how to apply sustainability as an idea to advance thinking on HR practices and processes.

The most important contribution of these pioneering publications on Sustainable HRM has been to point out the need for business organizations and HR executives to reflect upon the sustainability of their HRM systems and the implications for HR practices and strategies. Sustainability clearly means much more than being economically and environmentally sustainable. The importance of social and human sustainability comes to the fore. Wilkinson et al. (2001) have raised several questions for research on sustainability and Human Resource Management which are still of relevance today and which have also inspired the work in this book:

> How do organisations currently utilise and apply human resources? How do organisations deteriorate or renew these resources and what are the implications of such approaches for their employers and their employees? How can we redefine the ways organisations use their human resources in order to ensure human sustainability? To what extent do corporations need to exercise social responsibility as well as economic responsibility? How can employers balance the interests of different stakeholders in organisations while maintaining a sustainable work environment for employees? (p. 1497)

However, neglected in prior research has been a deeper analysis of the meaning and application of sustainability to HRM systems, the link between the sustainability of business organizations, HRM systems and the sustainable development of society – gaps that we start addressing with this book.

4 The Research Agenda on Sustainability and HRM

Challenges for managing human resources sustainably become apparent as soon as the measures proposed require a paradigm shift, and/or as soon as they contradict the traditional economic market model i.e. as soon as win-win-solutions are uncertain or even impossible. In the beginning of this chapter three problem situations have been described as being of particular importance. Following these problem situations, we now identify three key challenges that we assume are most relevant and which the authors in our book have explored from different perspectives chapter.

First, the challenge of designing organization structures, work systems and HRM systems in a way that allows control of the impact of work on employees and to maintain and develop the qualifications, skills, personalities and internal resources of people working for an organization – directly or indirectly via supply chains. In order to address this challenge, companies need to find out what is harmful for employees at work and which practices and strategies have a negative impact on human resource development and regeneration. However, this *risk reduction path* is probably insufficient to reach the goal of managing human resources sustainably and is a very Western approach rarely used elsewhere. Instead, enterprises also need effective ways of developing the skills, internal resources of employees and of maintaining their ability to regenerate and develop themselves.

The second challenge for enterprises engaging in sustainability is to maintain not only the social legitimacy, accountability and trustworthiness of the organization in order to maintain its license to operate and the *willingness* of organizational environments to provide resources but also to support organizational environments in maintaining their *ability* to produce and provide the resources that are required for business activities in the long run.

The third challenge of managing human resources sustainably is to be able to do this across organizational and national boundaries and to balance global vs. local sustainable HR practices and strategies. In the long run, it is not understandable why organizations would manage their resources sustainably at home and in an 'exploitive' way in corporate supply chains or similar structures (for example see, Hiatt 2007).

These key challenges are addressed in this volume and we have chosen an interdisciplinary approach to advance our research agenda. We are convinced that implementing sustainable HR practices in organizations and HRM is necessary to advance a sustainable development in organizations and societies.

4.1 Objectives and Scope of this Volume

The work for this book was activated by our common understanding of the research gap in the literature and by the value we saw in bringing together scholarly ideas and practical experiences on the topic sustainability and Human Resource Management. Our intention was to provide a book for future research and initial guidance for those searching for practical concepts. The target audience of our book is academics, doctoral students and practitioners interested in Sustainable HRM and in the role of HRM in contributing to sustainable development for business and society.

Our goal with this book is to bring together pioneering conceptual and empirical research as well as practical applications on the nature, meaning and role of sustainability for people in organizations, for human resource management (HRM) and for the sustainable development of organizations, in order to accumulate existing perspectives and knowledge on this complex and innovative topic. Our perspective is based on an integrative perspective of sustainability and HRM because the aim and scope of this book is to deal with the key questions raised:

1. "How can HRM contribute to the sustainability of business organizations (external role of Sustainable HRM)?" and
2. "How can HRM systems themselves become sustainable (internal role of Sustainable HRM)?" and
3. "How can Sustainable HRM be interpreted in different cultural contexts?"

These three questions are based on our assumption that organizations interested in economic, social and ecological sustainable development must – sooner or later – also engage in managing their human and social resources sustainably and vice versa. Although in recent decades research has made substantial progress on the application of sustainability with regard to ecological and social research, these perspectives tend to neglect the importance of individual and collective human and social resources in organizations. We still know too little about how to deal with people in a way that advances sustainability in the workplace, of the organization and at the same time enables an overall contribution to sustainable development.

Explicitly, we are viewing our enquiry through different disciplinary, conceptual, empirical, methodological and cultural lenses and encourage new research and practical applications on sustainability and HRM. We have selected highly diverse contributors from different disciplines. Additionally we have opted for analyzing multiple levels of the topic sustainability and HRM going beyond the traditional boundaries of the HRM field.

We are glad that 22 authors and practitioners affiliated with academic and other institutions in Asia, Australia, Europe, and the USA. We tried hard to find a voice from Africa and Latin America as the issue of sustainability is vitally important in these continents. Notwithstanding the omissions it was pleasing to have so many authors keen to address this research gap in 18 chapters in order to make a substantial contribution to mapping our knowledge about how maintain and develop human and social sustainability and the scholarly terrain of 'sustainability and HRM'. This is the key objective of this book.

Our authors were encouraged not only to review critically existing research on sustainability and human resources but also to provide conceptual suggestions and practical implications regarding how to advance our knowledge of sustainability and human resources and to identify the key issues for future research. Our authors differ widely with regard to their academic backgrounds, theoretical and methodological orientations, our shared interest, however, lies in advancing understanding about how people in business organizations can be treated in a way that allows and enables humane, social, economic and ecological sustainable development. Definite answers are not provided in this book and we do not think that quick answers can be found to the global concerns of social and human sustainability because the underlying processes are very complex, interdependent, dynamic and assumed effects often can only be observed on a long-term scale. The research and thinking presented in this volume provides latest insights in 'the state of the art' on sustainability and human resource management and on how to manage the human resource base sustainably. However, we would also like to point out that the efforts made in this book are only first steps to bring research and practice together from diverse backgrounds and to crystallize attempts towards a rich research agenda for an emerging field of Sustainable HRM.

4.2 Content and Outline of this Volume

This Book of Sustainability and Human Resource Management is divided into five parts:

I. Introduction into sustainability and HRM
II. The role of HRM in developing economically, socially and ecologically sustainable organizations
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 HRM

The *introduction* (**part I**) opens the debate into the topic of sustainability and Human Resource Management (HRM) and introduces into the key research areas contributing to Sustainable HRM and into the key concepts used.

The chapters forming **part II** of this volume provide an overview on research on social and human sustainability at the workplace and on the impact of work on employees, work systems and organizations. Traditionally, this is a concern of the humanization of work movement in Human Resource Management (HRM) and of ergonomics or research in the quality of working life (e.g. Zink 2008). However, in this part of the book, the contributions show that these topics are (again) of importance in the context of developing sustainable strategies for organizations. The chapters in this section present an overview on the key insights and historical traditions in these fields. These chapters make the connection to the current debate on corporate sustainability, sustainable development and on health concerns in HRM.

In chapter "Social Sustainability and Quality of Working Life" Klaus J. Zink links three distinct areas of research, HRM, human factors (ergonomics) and

Sustainable Work Systems (SWS) in order to retrieve their potential mutually fruitful contributions to human sustainability and health and quality of working life. The author starts by describing the changes and challenges in the world of work and critically asks whether social and human sustainability exist at the workplace. He ends his chapter by developing a framework for SWS from a human factors perspective.

In chapter "Sowing Seeds for Sustainability in Work Systems" Mari Kira and Svante Lifvergren discuss conceptual and practical ways to advance human and social sustainability in present-day working life by developing Sustainable Work Systems (SWS) which in turn could promote ecological and economic sustainability. Based on action research in the Swedish Skaraborg Hospital Group, the authors identify and illustrate core areas that need to be considered in 'sowing seeds for sustainability' such as protecting and regenerating resources, considering complexity and upstream thinking, taking stakeholders into consideration and refine diverse knowledge domains.

Guido Becke explores in chapter "Human-Resources Mindfulness" 'human-resources mindfulness' (HR-mindfulness) as a concept to enhance social sustainability at the workplace. The author analyses the limitations of the traditional Strategic HRM approach in knowledge-intensive SMEs where the regeneration of people and their capability resources are threatened by chronic stress and an increase in unpredictable work processes and outcomes. In his chapter, the author argues that the concept of HR-mindfulness can be integrated into a Sustainable HRM and foster SWS if mindful HR-infrastructures are established.

Regina Osranek and Klaus J. Zink address the gap of lacking instruments to measure sustainability in HRM in chapter "Corporate Human Capital and Social Sustainability of Human Resources" and argue that human capital measurement would provide a useful method for Sustainable HRM. After discussing the link between the concepts of human capital and Sustainable HRM, the authors compare two human capital measurement frameworks with regard to their suitability for measuring Sustainable HRM. Finally, the authors propose a multi-disciplinary, integrative measurement framework which allows assessing the usefulness of HR to generate human capital as part of a sustainability strategy, to integrate the employee perspective, to assess organizational frame conditions for maintaining and supporting the workability of employees over time, to assess social capital and social capital-related skills and to measure human potential.

To conclude **part II**, Nathalie Hirsig, Nikolai Rogovsky and Michael Elkin view enterprise sustainability from a practitioner's and more explicitly from a decent work perspective in chapter "Enterprise Sustainability and HRM in Small and Medium-Sized Enterprises". Based on their experiences at the International Labor Organization (ILO), the authors start by examining stakeholder expectations and how these can be met in MNEs and SMEs by economic, social and ecological performance criteria. They go on to explain how decent work can be implemented in HRM by considering the promotion of social dialogue and workplace cooperation, the development of skills and employability, the creation of a safe and non-discriminative working environment, the improvement of general working conditions, the abolishment of child and forced labor, Corporate Social Responsibility (CSR) and the improvement of environmental performance.

In **part III** of this book, the chapters deal with the challenges of making HRM systems themselves sustainable. The authors analyze the potential conceptualizations, theoretical foundations and outcomes of a Sustainable HRM from an individual, HRM and organizational viewpoint and provide us with new ideas about how the area Sustainable HRM could be advanced both in practice and research.

In chapter "Striking a Balance Between Work Effort and Resource Regeneration" Luc Dorenbosch explores 'employee vitality' as a concept for Sustainable HRM and the challenge of balancing work effort and resource regeneration at the individual employee level. Based on an analysis of data from 2,000 Dutch employees the author concludes that high vitality employees are better able to overcome resource constraints to achieve what the author call 'sustainable work performance' (as opposed to high work performance). The chapter concludes by offering suggestions on how HRM can enhance conditions for employee vitality and sustainable work performance to occur.

Sugumar Mariappanadar suggests in chapter "The Model of Negative Externality for Sustainable HRM" that Sustainable HRM provides the potential to control for the externalities of HR practices and strategies on third parties such as employees, their families and communities that are linked with downsizing practices. The author proposes a conceptual framework of HRM practices with potential 'negative externalities', discusses the effectiveness of Sustainable HRM practices and of individual coping resources to face externalities. The author analyses the usefulness of his framework by discussing exemplarily the psychological, social and work-related health aspects of downsizing on employees.

In chapter "A stakeholder Perspective for Sustainable HRM", Marco Guerci, Abraham B. (Rami) Shani and Luca Solari propose a stakeholder perspective as a theoretical framework for Sustainable HRM. The authors base their suggestion on the often implicit assumption in the literature about a positive link between collaborative stakeholder relations and corporate sustainability. The chapter highlights knowledge gaps on Sustainable HRM from a stakeholder theory perspective and provides avenues for future conceptual and empirical research.

Paul Gollan and Cathy Xu focus in chapter "Fostering Corporate Sustainability" on how to realize Sustainable HRM to foster corporate sustainability. The authors develop a typology for differentiating Sustainable HRM approaches with regard to their commitment to corporate sustainability and HRM involvement. In particular, two approaches are discussed. First, an integrative framework of Sustainable HRM that may serve as a diagnostic tool for identifying key Sustainable HRM issues and second a Complexity Adaptive Systems approach are proposed as starting points for designing and implementing Sustainable HRM systems.

In chapter "Paradox as a Lens for Theorizing Sustainable HRM", Ina Ehnert seeks to explore further theoretical foundations for Sustainable HRM as a field of enquiry and addresses the need to understand the tensions created by paradoxes when making choices for HR practices and strategies that are efficient and effective as well as sustainable. The author proposes a framework for Sustainable HRM, corresponding HR practices and strategies and outlines the key paradoxes and tensions which need to be considered and coped with in Sustainable HRM.

To conclude **part III** of this book, Jens Hoeppe offers a practitioner's view on the debate of sustainability and HRM in chapter "Practitioner's View on Sustainability and HRM". The author provides insights into the first efforts and experiences of a German bank to operationalize and implement Sustainable HRM encountering two problems: a recruitment problem and a problem of increasing work intensity and pressure on the (remaining) highly qualified staff. The bank has reacted by conceptualizing a comprehensive Sustainable HRM system with HR practices focusing on the areas of HR supply (recruitment), HR maintenance (employee health, career and family/work-life-balance, leadership) and control. The author indicates that the case of this German bank shows how HRM can cope with the paradoxes and tensions of cost efficiency versus sustainability.

Most of the contributions, so far, have addressed particular and mono-cultural organization contexts. Consequently, the chapters in **part IV** examine the challenges of managing human resources sustainably in a globalized organization context. The chapters present views on sustainability, globalization and human resources which enable our readers to compare applications, instruments etc. on different continents or in different cultures. Questions dealt with include: What are the key concerns of managing human resources sustainably in different areas of the world? How do MNCs bridge the global–local divide with regard to managing HR sustainably? What are the applications, instruments, similarities and differences of managing human resources sustainably in different cultures?

These questions are analyzed in a series of chapters focusing on sustainability in different continents. We have tried hard to include authors from around the globe and we have covered Asia, Australia, Europe, and the USA in this volume.

In chapter "Sustainable HRM in the US: The Influence of National Context", Sully Taylor and Caroline Lewis present the state of the art on Sustainable HRM the U.S. The authors analyze the differences between Sustainable HRM in the U.S. and elsewhere and assume that these variations exist due to differing worldviews of capitalism. The U.S. worldview is characterized by the assumptions that HRM contributes to a firm's performance, that HR managers should be free in their choices of HR practices on behalf of the shareholders while maximizing competitive advantage and that employee and employer interests are not conflicting (win-win). Prior U.S. research on Sustainable HRM has focused on environmental aspects (see also 'Green HRM'). The chapter points towards avenues for future research.

Philippe Debroux analyses in chapter "Sustainable HRM in East and Southeast Asia" sustainability and HRM in Asia which generally, with important exceptions, relies largely on cheap labor and the export of low added value manufacturing products while accepting huge externalities on, and damage to, ecological as well as human systems. The author introduces the Asian socio-economic and cultural context where the double paradigm of rationality have been challenged and where the High Performance Work System has led to paradoxes and tensions and to the incomplete inclusiveness of HRM systems before he then discusses the paradoxes and tensions related to adapting to the sustainability paradigm and its institutionalization.

Ina Ehnert, Wes Harry and Chris Brewster explore in chapter "Sustainable HRM in Europe" the understanding and challenges of research on sustainability and HRM in the European context. The authors claim that Europeans could take a leading role in designing and implementing sustainable organizations and Sustainable HRM systems as HRM in the European context compared to the U.S. context is characterized by longer-term thinking, a multi-stakeholder perspective and the ambition to push organizational performance beyond the single (financial) bottom line.

In chapter "Sustainable HRM in Peruvian Companies", Gina Pipoli, Rosa María Fuchs and María Angela Prialé present the results of their survey interviews with 32 HR managers on sustainability and HRM in Peru as an example for the Latin American context. The authors focus on the sustainability of the HR system itself and use Zaugg et al's model of Sustainable HRM with a focus on work-life balance, personal autonomy in professional development and employee employability.

In chapter "Sustainability and HRM in International Supply Chains", Christine Hobelsberger elaborates on the challenges of multinational enterprises (MNEs) managing employees sustainably not only at home (e.g. in Europe) but also in their international supply chains – potentially everywhere in the world. The author discusses the role of Sustainable HRM in this process and illustrates her arguments on an extended responsibility of MNEs with interview quotes from a research project. This chapter points again towards the importance of context and the difficulty of different values underlying the understanding of sustainability.

Part IV of this book is also concluded by a practitioner's voice – this time on sustainability, globalization and human resources. In chapter "The Relevance of the Vision of Sustainability to HRM Practice", Wes Harry views the debate on sustainability and HRM from a practitioner perspective and focuses on the relevance and on examples in practice. He provides background to the debate on managing for the long term then critically considers the impact of a sustainable approach on specific HRM functions and activities.

Part V of the book summarizes the key results and provides lessons for future research and practice. In chapter "The Future of Sustainable HRM", the editors summarize the key findings and contributions of the book and provide a preliminary answer the research questions initially asked in this introduction. We conclude by drawing attention to the implications of these contributions for practitioners and for future research on Sustainable HRM.

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Part II
The Role of HRM in Developing Economically, Socially and Ecologically Sustainable Organisations

Social Sustainability and Quality of Working Life

A Human Factors Perspective on Sustainable HRM

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Abstract Based on a three pillar understanding of sustainability the factor of social sustainability is one of these three pillars. Though the term "social" has different interpretations including a societal, social and human dimension, in this chapter the human dimension of social sustainability related to work is the main topic. This makes it necessary to ask which discipline deals with people at work besides HRM which also leads to the field of Human Factors and its relationship to sustainability. Recent changes and future challenges of Sustainable HRM in the working world are discussed. The elements of sustainable work systems including the concept of Quality of Working Life are introduced. The state of the human dimension of social sustainability is considered. Based on all these inputs the understanding of sustainable work systems is defined and examples of elements of a sustainable work system are analyzed. The outlook shows that further research is needed to bring this area to maturity.

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1 Importance of a Human Factors Perspective for Sustainable HRM

The discussion about sustainable development or sustainability in combination with Human Resource Management and Human Factors is rather new. This is surprising because the definition of sustainable development of the WCED in 1987 and the United Nations Conference in Rio de Janeiro in 1992 included the "social" objectives as one of the three pillars of sustainable development (WCED 1987) and also Principle 1 of the Rio Declaration on Environment and Development stated: "Human beings are at the center of the concern for sustainable development. They are entitled to a healthy and productive life in harmony with nature" (UNCED 1992). However, disciplines such as HRM and Human Factors have been very slow in adapting the notion of sustainability – as the contributions in this volume show.

Disciplines dealing with health (in a broad sense of well-being as defined by the World Health Organization (WHO 1948)) and productivity (or more general economic goals) in economic "settings" like companies are on the one hand Human Resource Management (HRM) and on the other hand Human Factors (HF) or Ergonomics. Internationally, both definitions are used for the same content. In the context of this paper Human Factors will be used to show the relationship to HRM. Although dealing both with health and productivity, these disciplines do not know too much about each other and there are separate developments sometimes with separate topics.

Therefore, discussing social sustainability in this context demands to start with some definitions which might help to understand similarities and differences between key concepts in HRM and HF. In addition it is also helpful to have a more historic look at the "Quality of Working Life" discourse.

2 Background on Social Sustainability, Human Resource Management and Human Factors

From a sustainability research point of view social sustainability is usually defined as one of three pillars of sustainability. Using the "capital oriented" view would mean that sustainable development is based on living from the income resulting from investment of capital and not from the capital itself and this rule can be applied to all financial, natural, human as well as social capital stocks (see e.g. Dyllick and Hockerts 2002, p. 132). This understanding clarifies what we have to deal with as individual (human capital) and social (social capital) aspects of income and investment.[1] In defining human and social capital, one has to keep in

[1] For the role of human and social capital in this context see also chapter "A Stakeholder Perspective for Sustainable HRM" in this book.

mind that human capital is generated by social capital[2] (Coleman 1988, p. 109). "Taking the economic way of looking at life" as Gary S. Becker did in his Nobel Lecture in December 1992 (Becker 1992) human capital can be understood as "both private and social rates of return . . . from investments in different levels of education", but also as "training, medical care, and other additions to knowledge and health by weighting the benefits and costs" (Becker 1992, p. 43).

While human capital deals with a perspective looking at individuals both from the employers and employees point of view social capital takes a broader perspective. Taking into account a historical definition one can use Coleman's article "Social Capital in the Creation of Human Capital" (Coleman 1988) to show the interdependencies between both concepts. In his basic article, Coleman tries to link the economic perspective described in Beckers' definition of human capital (explaining behavior based on principles of "rational and purposive action") with actions of individuals in particular social contexts and the development of social organizations (Coleman 1988, p. 96). "Unlike other forms of capital, social capital inheres in the structure of relations between actors and among actors. It is not lodged either in the actors themselves or in physical implements of production" (Coleman 1988, p. 98).

> If physical capital is wholly tangible, being embodied in observable material form, and human capital is less tangible, being embodied in the skills and knowledge acquired by an individual, social capital is less tangible yet, for it exists in the *relations among persons*. Just as physical capital and human capital facilitate productive activity, social capital does as well (Coleman 1988, pp. 100–101).

Which social relations or social structures can create useful capital resources for individuals? Coleman provides the following examples: "obligations, expectations, which depend on the trustworthiness of the social environment, information-flow capability of the social structure, and norms accompanied by effective sanctions" (Coleman 1988, p. 119). Especially the idea of the trustworthiness of social structures is important for this chapter.

In HRM two different approaches need to be considered in relation to sustainability. On the one hand a more "economic definition" that is the use of human resources as a production factor to achieve economic goals (Zink 2011a, p. 50) or a more "integrative approach", as described for example by Cascio to refer to "the wisest possible use of people for maximizing productivity, quality of work life, and profitability through better management of people" (Cascio 2006, p. 29). The second definition is part of an understanding of Strategic HRM as described by Dave Ulrich in his paper "A New Mandate for Human Resources" (Ulrich 1998, pp. 29–44). He demanded that HR professionals become – among others – "employee champions". "HR should be the employees' voice in management discussions; offer employees opportunities for personal and professional growth; and provide resources that help employees meet the demands put on them" (Ulrich 1998, p. 37). There is a

[2] Because of these interdependencies of "human" and "social" capital the broader term of "social sustainability" instead of e.g. "human sustainability" is used here.

similarity between this understanding of HRM and early approaches of Human Factors (see for example Jastrzebowski 1857). Both considered a duality in goals, productivity (or economic goals) and human well-being. This duality is also reflected in the recent definition of the International Ergonomics Association:

> Ergonomics (or human factors) is the scientific discipline concerned with the understanding of interactions among humans and other elements of a system, and the profession that applies theory, principles, data and methods to design in order to optimize human well-being and overall system performance (IEA 2011).

Some mission statements of respective scientific and professional associations including the German Human Factors and Ergonomics Society (Gesellschaft für Arbeitswissenschaft (GfA)) even include a broader stakeholder approach: "Ergonomics (or human factors) integrates social, economical, and environmental objectives and is obliged to concepts which are useful for all stakeholders" (GfA 1999). Ecological aspects have always been a more implicit dimension in Human Factors when looking at emissions (such as noise or hazardous gases), concerning working conditions or the use of toxic materials in products (Zink 2010b, p. 2). The specific importance of human beings in Human Factors has also been included in the mission statements: "Ergonomics research and design has always to consider the unique character of human beings" (GfA 1999). These impressions regarding the approach of HF show that there might be a stronger relationship to sustainable development than in some concepts of HRM using people to maximize profits. But there is also at least one difference concerning the time perspective as HF approaches have been focusing on one, usually current, generation and not so much on the intergenerational aspects as discussed within sustainable development.

3 Recent Changes and Future Challenges for Social Sustainability

The discussion about social sustainability and the changes in the working world can be considered as recent mega-trends which influence in particular Western societies and economies. At least six trends can be observed (see Zink 2010a, p. 50):

- Globalization
- Dynamics of markets
- Demographic development
- Change of values
- Technological progress
- Urbanization

Today, these mega-trends influence society, companies, and every employee. Globalization has changed the international division of labor not only for jobs with low qualification but also those with academic qualifications such as in information technology. The dynamics of markets lead to an increasing speed of change and the necessity of higher flexibility regarding work structures. Information and communication technology make it possible to work in almost any place and any time. Combined with a short term orientation the intensity of work is increasing, as there are growing demands regarding flexibility and adaptability in jobs which are no longer secure (Docherty et al. 2002, pp. 4–5). The number of precarious jobs, especially in the service industry, is one example for the changes in the labor market because of this development (see chapter "Human-Resources Mindfulness"). In a report to ILO, Peter Dorman pointed out the dramatic increase of precarious work in Western countries already apparent in 2000 (Dorman 2000).

These demands have to be met in some regions (for example in Europe) by an aging workforce. Therefore, the concepts of "workability" and "employability" are essential for the competitiveness of a company, but are also the reason for employees losing their jobs. In addition, there seems to be a change of values among younger and highly qualified employees who seek to give more importance to their work-life balance.

Due to major demographic changes in some European countries and increased industrialization in developing countries there is a strong tendency for urbanization. Young people leave rural areas because they hope to earn their living in large cities. Another cause might be a loss of infrastructure caused by a shrinking population based on demographic changes.

These trends and developments are challenging HRM to rethink old strategies. The German Bertelsmann Foundation brought together managers of HR departments of leading companies to discuss these challenges (Miller and Rössler 2009). One dominant development is emerging: permanent change. This makes it necessary to study how we dealt with change in the past. There are different studies (see for example Greif et al. 2004) which have produced the same result: namely that two thirds of the change projects had not been successful.

Especially in the context of strategies to increase the shareholder value, layoffs are a part of the restructuring process aimed to increase profitability and productivity (see for example Kennedy 2000). Several studies discussed by Cascio show that these goals could not be demonstrated in practice (Cascio 2002). What are the consequences for employees of layoffs? In both cases (having been laid off or being a "survivor") there is a high probability for health risks (see also chapter "The Model of Negative Externality for Sustainable HRM"). In the meantime, the interdependencies between unemployment and health are well known. Though survivors could stay in the company, there are health risks which have been characterized as "layoff survivor sickness" (Noer 1997). There might be feelings of guilt or experience of continued uncertainty or a new work situation with new productivity demands as a consequence of the restructuring process (European Expert Group in Health in Restructuring (HIRES) 2009). Even the possibility of job insecurity leads to ill health effects (Virtanen et al. 2002). In this context, the relationship between individual and organizational health has to be considered. A healthy organization achieves business *and* social aims. This is possible if employees can identify themselves with organizational goals and work in a sustainable way for this goal. Moreover, achieving organizational goals can be a source of satisfaction and personal development (European Expert Group in Health in Restructuring (HIRES) 2009).

So far, only studies concerning health have been considered, but, there is also an old tradition in HRM research to look at the contribution of HR strategies to the overall (financial) success of a company. Jeffrey Pfeffer, among others, dealt with this topic (Pfeffer 1998) but also Huselid (Huselid 1995), Guest (Guest 2001) or Wright and colleagues (Wright et al. 2005). Pfeffer described seven HRM dimensions that characterized economic successful organizations. The first point on his list is called "employment security". The question of why he is arguing for employment security in a time of downsizing is answered as follows: "... because it is simply empirically the case that most research on the effects of high performance management systems have incorporated employment security as one important dimension in their description of these systems" (Pfeffer 1998, p. 65). As trust and commitment are based on a certain degree of security, he shows ways to avoid downsizing or for mitigating its impact (Pfeffer 1998, p. 183).

As a consequence of employment insecurity the loss of trust and commitment are of specific importance for future competitiveness of an organization. Related to uncertainty, there is the risk of health problems with consequent effects on productivity and creativity. Therefore, the concept of Quality of Working Life (describing people's perspective of work, which leads to motivation and satisfaction) has to be considered.

4 Quality of Working Life

Having discussed recent challenges, the concept of Quality of Working Life (QWL) is described as a way to measure social sustainability. This approach is not new and the salient issues have not really changed (Davis and Cherns 1975, pp. 5–6; see also Lawler and O'Toole 2006; O'Toole and Lawler 2006). Therefore, it is interesting to go back to the early sources for their views. For example, Davis and Cherns formulated in 1975: "Quality of Working Life is characterized as an area of emerging interest and significant impact on advanced societies during the next 25 years (p. 12)". They also critically discussed the economic implications of QWL from a micro- and macroeconomic viewpoint. Looking back after 35 years it needs to be recognized that QWL ideas and concepts have been successfully used only in few companies. This might have been caused by the fact that the micro-economic success of QWL had not been measured (or measured only by traditional economic instruments) which did not, sufficiently, show the real value of this approach. Although the problems have not been solved, the interest in measuring QWL is still alive and there are many approaches around the globe which we will discuss later. Regarding the understanding of QWL no real change is apparent:

In HRM literature (see e.g. Cascio 2006, p. 24), two different definitions of QWL can be found:

- QWL as a set of organizational conditions and practices (e.g. employee involvement or safe working conditions) or
- QWL as employees' perception of their physical and mental well-being at work.

As people differ only the subjective evaluation of the work situation is a prerequisite of motivation and satisfaction the second definition has to be included in a QWL approach.

The development of respective instruments has mainly been promoted by Trade Unions, but has also been considered by universities and political institutions such as the International Labor Organization (ILO) and the European Union. One of these instruments, developed by the European Trade Union Institute for Research, Education, Health and Safety (ETUI-REHS) is described by Leschke and Watt (2008). The goal of "Job Quality in Europe" is to examine whether one of the targets of the Lisbon Strategy of the European Union to create "more and better jobs" has been realized, and to seek proof on whether the goal of "more jobs" has been pursued at the cost of "better jobs" (Leschke and Watt 2008, p. 5). The job quality index (JQI) used of six sub-indices:

- Wages
- Non-standard forms of employment
- Working time and work-life balance
- Working conditions and job security
- Skills and career development
- Collective interest representation and voice

An Overall Job Quality Index is derived from the simple average of the six sub-indices. While this instrument compares countries, similar instruments have been developed to compare industries or to deliver the opportunity to benchmark an individual company against an industry average. Defining and measuring QWL on an individual level means to measure job satisfaction. Respective instruments have a similar content as described in the JQI (see for example Hulin and Judge 2003).

Discussing QWL in the context of sustainability has to include the consequences of other issues, for example, of pension schemes for future generations and not be limited to discussion of QWL for today's employees.

5 Social Sustainability at Work: Does It Exist?

After clarifying the respective concepts in a discussion of social sustainability from a HF (and HRM) perspective, after discussing recent developments in the world of work, and after looking at the development of the instruments to measure the quality of work it is now time to focus on the arguments in the literature on social sustainability at work. Here, a recent paper of Jeffrey Pfeffer about the HF in building sustainable organizations provides an overview from an US-American perspective (Pfeffer 2010). Based on the sustainability concepts of conservation and more efficient use of resources Pfeffer discusses health aspects, effects of layoffs, work hours and work-family conflicts, work stress and the consequences of job design as well as inequality. Though the provision of a (very limited public) health insurance is a specific US-American problem and the negative effects of having no health insurance are obvious (Pfeffer 2010, p. 37) the investment in a systematic health management is relevant for many companies (see Zink and Thul 2006). As health has been defined as an aspect of human capital such approaches are discussed later as part of an increasing dynamic of organizational changes within the context of (partly) dramatic changes in the demographic situation not only in Western countries. Thus, the investment in employee health and therefore in human capital can largely be improved – as the following examples show.

In this context it is interesting to see that layoffs are not always caused by a specific economic situation of a company but "they spread through similarly situated and socially connected firms, which appear to model others' layoff behavior" (Budros 1997). Many studies have shown that layoffs are very harmful (Pfeffer 2010, p. 38; see also European Expert Group in Health in Restructuring (HIRES) 2009). Some studies even show a relationship to mortality (Eliason and Storrie 2009) and suicide (Blakely et al. 2003). In addition, it is well known that downsizing has a lot of negative effects upon work behavior (European Expert Group in Health in Restructuring (HIRES) 2009, p. 42f; see also chapter "The Model of Negative Externality for Sustainable HRM" in this volume).

Working hours (including an increasing use of shift work) and especially a growing intensification of work in the US (see e.g. Rousseau 2006) as well as in Europe (see Docherty et al. 2009) have also negative consequences on the health of employees. Pfeffer mentions some studies of the relationship between the number of hours worked and hypertension (Pfeffer 2010). Health problems are also caused by a work-family conflict or more generally by a missing work-life balance. This problem may increase when in an aging population and workforce a growing number of employees have to take care not only of children but also for parents. Job design is another well-known area of problems at work (see e.g. Herzberg et al. 1959; Hackman and Oldham 1980).

> One important dimension of job design is the amount of control people have over their work. High job demands that people cannot control, because they have little or no discretion over pace and content of their work, coupled with work that is socially isolating, produce job stress (Pfeffer 2010, p. 39).

Consequences of poor job design include negative influences on health such as metabolic syndrome, cardiovascular disease and increased levels of mortality (Chandola et al. 2006; Marmot 2004).

Finally, Pfeffer discusses the consequences of inequality, because differences in health seem to depend also on status gradients in both income and education: "The research and policy link to organization studies is clear: Many, although certainly not all, of the inequalities in social systems that result in inequalities in health are produced in and by organizations" (Pfeffer 2010, p. 39). Therefore, it is necessary "to understand the factors that create greater or lesser inequalities in income, power, job responsibilities, and other such dimensions inside organizations" (Pfeffer 2010, p. 39).

After having shown the profound influence of organizations and work on the health of people Pfeffer asks: Why should the human dimension of social sustainability remain largely in the background? As mentioned in the section on HRM, human related aspects are mostly discussed in connection with economic goals – thereby not seeing that well-being (with health as a part of well-being) is also connected with financial aspects. The only difference might be that the financial burden has to be taken by society i. e. we, the taxpayers, all have to pay for it. But, there are also some data that a corporate health management system (Zink and Thul 2006) as well as being an investment in people (Becker 1995, p. 43f) (as part of social sustainability) is a worthwhile investment for companies

This short overview mainly referred to Pfeffer and the situation in the USA (but also in Europe) therefore explains only a part of the international reality, because two thirds of the world population are living in less developed locations such as industrially developing countries (IDCs).

Although there is no doubt that globalization can create positive effects, there are also negative outcomes which have to be described (see Zink 2009 and chapter "Sustainable HRM in Peruvian Companies" in this book). Such negative consequences are not, or not only, the fault of IDCs but arise from a situation created by worldwide operating companies in Western countries. As a consequence one has to ask how to include these aspects in a concept of sustainable work systems thereby improving social sustainability – but also contribute to economic success and environment conservation.

6 Sustainable Work Systems

6.1 Understanding Sustainable Work Systems

Based on the developments during recent years and the need to talk about the Quality of Working Life again, a growing number of researchers and practitioners discuss the way we doing business (see also chapter "Sustainability and HRM"). Alternative concepts such as sustainability, stakeholder oriented management concepts, or corporate social responsibility have existed many years, but the necessity to take a closer look at these concepts is growing. Before the human or social dimensions of these approaches are discussed, the concepts have to be briefly introduced: As described at the beginning of this chapter sustainability or sustainable development (as a process) describes the concurrent combination of economic, ecological and social goals – and therefore a three pillar model (UNCED 1992). Sustainability transferred from a societal to an organizational level becomes "corporate sustainability" with the same three pillar approach and the necessity to live from the interest arising from investing capital and not the reduction of capital stocks (see chapter "Sustainability and HRM").

As human and social capital is the focus of this chapter the topic now is sustainability related to employees. Before discussing elements of sustainable work systems, the term "work system" has to be defined. In general a work system is "a system in which human participants and/or machines perform business processes using information, technologies, and other resources to produce products and/or services for internal or external customers" (Alter 2002, p. 92). In'traditional'ergonomics the work system is'reduced'to input, output and a transformation

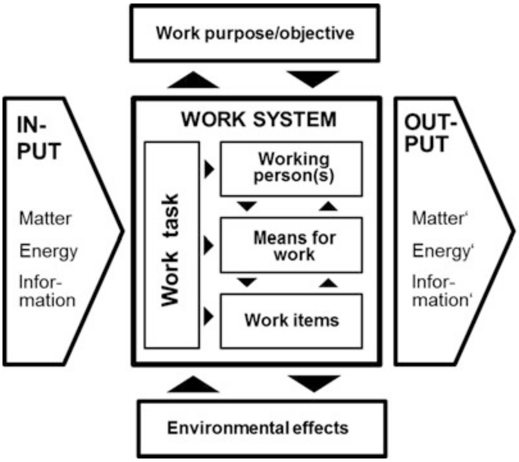

Fig. 1 General work system model (see Schlick et al. 2010, p. 36. Printed with permission)

process from input to output (including people acting and/or machines as well as supporting or disturbing influences from the environment). Figure 1 shows a general work system model.

The socio-technical systems approach (see for example Trist and Bamforth 1951) considers three system elements that interact with one another and the work system's design: the technological subsystem, the personnel subsystem, and the relevant external environment. The socio-technical systems concept is also the basis for macro-ergonomics. In this context, Hendrick defines a work system as consisting "of two or more persons interacting with some form of (1) job design, (2) hardware and/or software, (3) internal environment, (4) external environment, and (5) an organizational design (i.e. the work system's structure and processes)" (Hendrick and Kleiner 2002, p. 1). Using the concept of a socio-technological systems design, as defined by Zink, economic and ecological considerations are explicitly included (Zink 1999). Taking the work system framework of Alter into consideration one can specify the different environments relevant to the work system (Alter 2002, p. 92ff). In addition to his definition of environment including "organizational, cultural, competitive, technical, and regulatory environment within which the work system operates" Alter specifies two environments: "customers" and "strategies". Customers as "people who receive direct benefit from products and services the work system produces" including external and internal customers (Alter 2002, p. 93f) and strategies as "extent to which they are clearly articulated" and "help in explaining why the work system operates as it does. Examples of work system strategies include [e.g.] assembly line approach versus case-manager approach" (Alter 2002, p. 94). This shows more clearly the link to economic goals (based on customer satisfaction) and the strategic element of work systems design.

By discussing Human Factors in the context of sustainable HRM one has to include the relationship between work system design and HRM policies. Including the knowledge about the role of uncertainty (e.g. regarding motivation) and the relevance of trustworthiness for the preservation of social capital one can ask whether the design of sustainable work systems is enough or whether we have to define sustainable work in an understanding of sustainable job (or employment) design or have a broader understanding of work systems. Before answering these questions, the state of the art of sustainable work system design is described.

Docherty and colleagues formulated – among others – the following definition elements for sustainable work systems (cp. Docherty et al. 2009, p. 3ff):

- "A sustainable work system is able to function in its environment and achieve economic or operational goals.
- This functioning also entails development in various human and social resources engaged in its operations.
- Employees' capacity to deal with the worlds' demands grows through work-based learning, development, and well-being.
- The growth of social resources is secured through equal and open interaction among various stakeholders, leading to better mutual understanding and a greater capacity for collaboration.
- The diversity and regeneration potential of ecological resources are safeguarded as well."

Based on such an understanding a sustainable work system has to satisfy the needs of different stakeholders and not only those of shareholders or owners. Therefore, short-term static efficiencies like productivity and profitability have to be added by long-term, dynamic efficiencies such as learning and innovation. In this sense a sustainable work system is not characterized by simple trade-offs between short-term and long-term or between different stakeholders, but aims to attain a fair balance (Docherty et al. 2009, p. 4).

As sustainable work systems have to be able to regenerate different resources and satisfy the legitimate needs of different stakeholders the traditional understanding of work systems seems not to be adequate, because it does not explicitly include impacts upon society.

In reflecting this concept of sustainable work systems many elements of the QWL discussion reappear. The potential conflicts between different stakeholders can be imagined – and therefore strategies for coping with paradoxes need to be developed (see for example Ehnert 2009, p. 176ff).

If one finally asks, whether this understanding of sustainability is already a part of HF thinking, one can conclude that theoretically all three pillars are included in 'traditional' ergonomics approaches: The design of work processes is realized under time aspects (productivity; economic goals); job satisfaction and personal growth are also goals for job design (social goals), and environmental aspects like noise or pollution are considered in the design of work systems (ecological goals).

But there are also some questions:

- Does the discipline of HF call for a concurrent realization of all three dimensions of sustainability?
- Do we not exploit external resources (e.g. in international value creation chains)?
- How do we deal with changed frame conditions for instance short-term orientation, work intensification, permanent change?

6.2 Designing a Framework for Sustainable Work Systems from a Human Factors Perspective

Describing a first framework for the design of sustainable work systems (SWS) from a Human Factors perspective needs to take into consideration:

- The elements of human and social capital (for example skills, knowledge, health, motivation, participation, trustworthiness, identification, common mental models, group memory),
- Changed basic conditions in different parts of the world (for example increasing short term orientation and work intensification, demographic changes, globalization, permanent change as normal situation),
- A systemic and holistic approach regarding whole value creation chains including all working conditions along the value creation especially those in IDCs but also precarious work situations in Western countries,
- A life-cycle perspective regarding the tasks dealt with in the work systems starting with the design process, to manufacturing, assembly, maintenance and repair, disassembly, reuse and recycling,
- Learning and capacity building as important design goals regarding human and social capital
- Dealing with permanent change and growing complexity in a socially responsible way (e.g. developing coping strategies as ‘end of the pipe solution’ – if design solutions are not satisfactory)
- Including soft facts like leadership style (e.g. trustworthiness) and corporate culture
- Designing sustainable work systems for people acting sustainably (regarding their resources e.g. health but including also economic and ecological resources). This includes the impacts on society because only people and groups who operate sustainably are able to grasp, prioritize, and work toward ecological sustainability.
- The understanding that social sustainability has to be part of a three pillar model because social sustainability as a “stand alone solution” will have the problem of acceptance – even if not demanded as a legal requirement.

There are also paradoxes one has to deal with because of shifted means-end-relations (see for example Ehnert 2009) but also knowing-doing gaps (see for example Pfeffer and Sutton 1999).

If we refer to Fig. 1 a model of a sustainable work system could be designed as shown in Fig. 2.

To cope with these demands, human factors can contribute some concepts, but HF has also to develop new ones. Some of these concepts have a strong connection to the demographic development in many countries and can be summarized at an

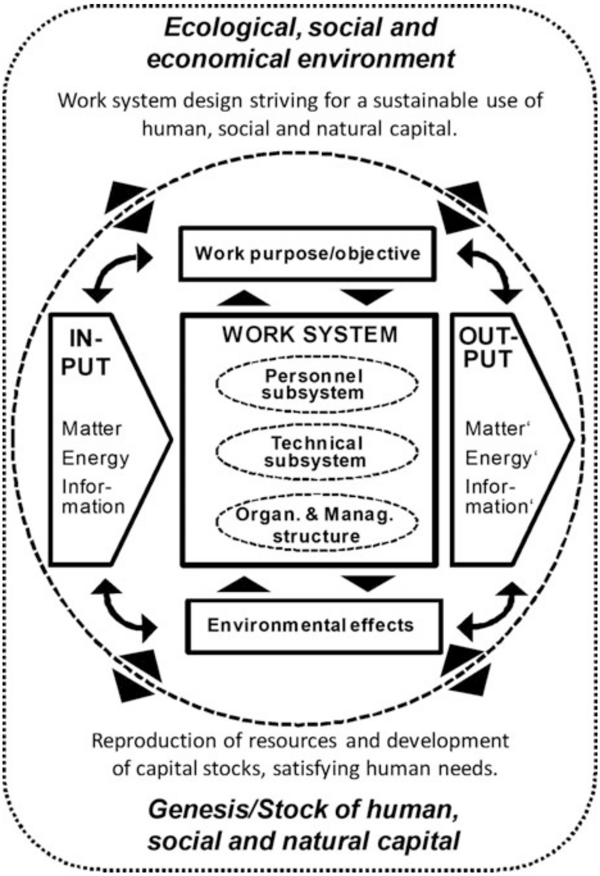

Fig. 2 Proposal of a sustainable work system model (Fischer and Zink 2012, p. 3904. Printed with permission)

individual level under the headlines of "workability" and "employability" (see Ilmarinen 1999). These concepts can be roughly described as examples for existing approaches.

Using workability in a more narrow way is very much related to the concept of Corporate Health Management (CHM). CHM is more than 'traditional' Occupational Health and Safety (OHS) or corporate health promotion concepts, because it is based on the health definition of the World Health Organization (WHO) and on a systematic management approach (Zink and Thul 2006). The WHO health definition is not only based on the absence of disease or infirmity but defines health as a state of complete physical, mental and social well-being (WHO 2011). A systematic management approach means to have health as part of the corporations mission statement, to have a respective deployment process including the needed resources, a reward system for managers including health aspects, to have a health organization including participatory approaches including health circles and to measure the results as part of a continuous improvement process (Zink and Thul 2006). All these approaches have to include psychological stress and mental health.

Taking a broader approach of workability as realized in the concept of Ilmarinen's model of health (in the sense of functional capacity) is "only" the basement of the structure of workability which also includes professional competence, values (attitudes and motivation) and the demands of work including, work conditions and work content, work community and organization supervisory work and management (Ilmarinen 2006).

This understanding of workability includes the concept of employability which is also discussed separately in HRM. Employability describes "an individual's ability to gain initial employment, maintain employment, move between roles within the same organization, obtain new employment if required and (ideally) secure suitable and sufficient fulfilling work, in other words – their employability. This is more than the simple state of being employed" (McGrath 2009, referring to Hillage and Pollard 1998). This definition reveals that employability is much more than professional skills and competences. Taking a narrow approach with a focus on the individual one has to add interdisciplinary social and methodological competences as well as respective attitudes (such as commitment or readiness to learn). With a broader perspective, one needs to understand "the interaction of individual and external factors affecting the individual's ability to operate effectively within the labour market" (McQuaid and Lindsay 2005, p. 207). Taking an even broader approach in discussing the issue of social justice in the context of unemployment (in Europe) Schneider and Otto go beyond employability in using a capability approach to discuss viable perspectives for overcoming the fragmented employment biographies which are in the center of employability and to ensure that every citizen has the opportunity to live a good life (Schneider and Otto 2009).

But, also in a more narrow understanding of employability for example attitudes are influenced by external factors "like a culture in which work is encouraged and supported within the family" (McQuaid and Lindsay 2005, p. 209). For the discussion in the context of Human Factors (and HRM), the narrow definition leads to the question of what organizations are doing to improve the employability of their workers. As discussed in Beckers' definition of human capital one has to differ between (company-)specific and more general competences which increase the employability in the labor market and therefore can contribute to a reduction of the feeling of insecurity, because to be employed is to be at risk, but to be employable is to be secure. From an economic perspective it is obvious that employers are not so much interested in this concept of employability. Therefore, employability will mostly be the responsibility of the employees. Taking into account the shifting basic conditions of demographic changes and the dynamic of environments leading to a more or less permanent change, organizations should remain aware of the reality that their employees learn to learn and develop competencies 'on the job'.

One Human Factors' concept to support this process generates working conditions which promote learning and capacity building:

> Individual learning in a work system is supported by varied and rich work experiences: by possibilities to have new experiences and to integrate thoughts and feelings from those experiences to what has been learned before. . . . More precisely, work that is variable and complex, transparent and informating, participative and collaborative, challenging yet manageable, and also personally and socially rewarding has been defined as work supporting learning or individual development (Kira and Frieling 2005, p. 2; Skule 2004).

In addition to individual learning there is a growing recognition of the need for collective learning because of demographic changes and the danger of losing knowledge. In the frame of a sustainable work system a concurrent learning at the individual and group level has to be realized in a way, "in which the development of one contributes to the development of all" (Kira and Frieling 2005, p. 4).

Based on the underlying circumstances of more or less permanent change, a sustainable work organization must be defined "as an organization that is continuously changing and developing" (Kira and van Eijnatten 2009, p. 234). Therefore, sustainable work systems have to be designed, which "promote employees' mental models and comprehension of work to grow more complex", which "enable employees to take actions and learn to manage in various work situations", and which "support employees' sense of meaningfulness at work" (Kira and van Eijnatten 2009, p. 236). This is not only relevant for individuals but also for work groups, teams and networks (Kira and van Eijnatten 2009, p. 237). Again, realizing these work systems are required to not consume, without replenishing, human or social resources. Therefore, respective coping strategies for stress have to be provided. In the process of demographic changes the relationship between social capital and tacit knowledge gains importance (see for example Yuan Wang et al. 2009).

Collective learning in an international context e.g. developing products in a 24 h day using the different time zones around the globe brings about additional challenges including dealing with cultural differences in expectations and behaviors. Here, the development of social capital by creating common mental models (as described in Riemer's definition of social capital) is an additional task (Riemer and Klein 2008).

Transferring workability and employability to less developed countries – taking into account again the examples of Export Processing Zones (EPZs) – leads to the general discussion of how to improve working conditions in IDCs and the role of Western companies in the process (see chapter "Sustainable HRM in Peruvian Companies" in this book). But, working conditions as described for EPZs can also be found in Western countries for example suppliers to huge food retailers being in an intensive price competition (see e.g. Hertel 2010). Perhaps due to the intensity of competition some of those companies do not allow the election of workers' representatives in contravention of the ILO International Labour Standards (ILO 2011).

The discussion of whole (especially international) value creation chains including designing sustainable work systems also needs to consider a life-cycle-perspectives of products (Zink 2011b): Not only the development process itself and manufacturing and assembly are part of the analyses but also maintenance and repair, disassembly, reuse and recycling have to be considered with regard to working conditions – as well as (negative) impacts on the users. To create the possibilities of holistic work contents and abilities to learn in the ways discussed above can depend on the 'architecture' of products – for instance a product build up on modules creates more opportunities for holistic work contents in the assembly process. The importance of sustainable work systems can also be discussed regarding their impact on society. As people spend most of their (waking) lifetime engaged in work, the world of work is the most appropriate place to learn and apply sustainability. Why should people act sustainably as customers or citizens if they never had a chance to have role models? For people to develop a positive attitude depends on the way they are treated as'relevant' and valued human resources at work. This includes not being a factor of production just like material or capital but being accepted as unique human beings with the chance of personal well-being and growth at and through work. Experiencing such a situation including participation in work decisions will also contribute to being able to play a better role as a citizen (including in IDCs) (Zink 2006).

Discussing the relevance of sustainable work systems for society the demographic change is a societal problem too, and the Human Factors concepts in the frame of HRM can contribute to the extension of workability. Therefore, such investments in 'human capital' are not 'only' altruistic but are practical. There is in addition a growing body of research showing that investing in human resources at least does not reduce positive financial results (Zink 2011c). There are even authors – not coming from Human Factors but from more general management fields, for example, Gary Hamel (Hamel 2007) who believe that investing in 'human resources' is the best (or only) way to survive against international competition. Similar arguments stem from O'Toole and Lawler in analyzing the new American workplace (O'Toole and Lawler 2006). Both publications refer to the concept of High Involvement Teams as part of a High Involvement Organization. These teams are characterized as

- Participation in decision making
- Autonomy regarding one's own work and methods
- Open communication with all relevant stakeholders
- Incentives to promote partnership (Gephart and van Buren 1996, p. 22f).

In this sense, there is some similarity with the conditions discussed above for sustainable work systems, if these approaches do not exploit human resources but develop them.

Sustainable work is only possible if there is work which contributes to earning one's living and to have a chance of personal growth. Therefore, sustainable work has been defined earlier as being competitive – but this competitiveness should not be based on 'consuming' human resources. As a result, not only work design but also respective labor laws based on ILO (ILO 2011) or OECD (OECD 2011) definitions of decent work need to be realized. This is not only a topic for IDCs but also an important and growing topic in so called developed countries where a number of circumstances show that precarious work is growing and keeping one job with one employer is no longer enough to earn ones living over a career. In this respect the above discussed measures of Quality of Working Life gain a new importance (Zink 2011d).

To summarize these first ideas the following methods have to be further developed or newly developed:

- Holistic work (system) analysis for the whole value creation chain,
- Life-cycle-assessment based on Human Factors criteria,
- Concepts for learning and capacity building for individuals and groups (also in international contexts with different cultures)
- Systematic approaches to generate social capital by creating common mental models,
- Socially responsible restructuring concepts for instance as described in the European HIRES project (European Expert Group on Health in Restructuring 2009)
- Corporate Health Management including psychological stress and mental health
- Life domain balance concepts which improve the quality of life not 'only' the work life balance (Ulich and Wiese 2011)
- Training programs for sustainable behavior including all three dimensions and participatory problem solving approaches
- Coping strategies dealing with psychological stress, but also design concepts to reduce complexity
- Leadership training for sustainability based on concepts like (Investors in People International 2012) (http://www.investorsinpeople.com) or (Great Place to Work Institute United States 2012) (http://www.greatplacetowork.com)

In the end, it has to be recalled that the realization of sustainability is not free of contradictions or paradoxes. Therefore, the process of introducing such concepts requires recognition of the need for balancing between different approaches and goals (Lifvergren et al. 2009, p. 180f).

For HRM, the key task in this process is to make the paradoxes and tensions transparent in a credible way – instead of avoiding or hiding them. Awareness must be given to the actors inside and outside the company thus facilitating their sense making process. This needs respective competences and abilities of the actors in this process (Ehnert 2009, p. 178 and 180).

7 Summary and Outlook

Sustainability as a three pillar concept includes social sustainability. Social sustainability is also a relevant issue for Human Factors. Therefore, a specific focus on the relationship of sustainable work (systems) and Human Factors has been elaborated in this chapter. The Human Factors contents in this context have been understood as part of a HRM sustainability strategy. After explaining the relevant terms recent and future challenges have been considered, because the design for sustainable work systems must be related to relevant developments. As an example for measuring the social pillar of sustainability the concept of Quality of Working Life has been considered. Before dealing with sustainable work systems we discussed whether social sustainability at work does exist within the reality of corporations. This discussion, mainly based on a paper of Jeffrey Pfeffer, showed that the value of people is not acknowledged everywhere – though in many parts of the world a demographic change will reduce the workforce and globalization will lead to challenging demands for those Western countries which need employees. Based on a broader understanding of work systems the elements of sustainable work systems have been described. Using this definition, a first framework for the design of sustainable work systems, including recent challenges, has been described. These first ideas include some traditional Human Factors instruments including the concepts of workability and employability but also show that it will be necessary to develop new or redeveloped instruments. One of the new instruments should be a social life cycle analysis based on a Human Factors perspective. In a globalized world international value creation chains have to be included. But the question of social justice regarding the possibility to be included in the labor market is also an issue.

The discussion about sustainable work systems is in an early stage and a lot more conceptual and empirical research will be needed to bring this field of study to greater maturity.

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Sowing Seeds for Sustainability in Work Systems

Mari Kira and Svante Lifvergren

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Abstract The aim of this chapter is to suggest some ways in which the promotion of social and human sustainability at work may contribute positively to a work system's ecological and economic sustainability. We also explore conceptual and practical ways to encourage the sustainability of social and human resources in contemporary working life. Throughout the chapter, we exemplify our arguments

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with case illustrations from the Skaraborg Hospital Group in Sweden. We discuss how the unwavering goals of protecting and regenerating various resources in work-system operations are critical hallmarks of a sustainable work system. We also outline some worldviews and ways of thinking that seem to underlie the operations of sustainable work systems. We then delineate the implications of the resource regeneration goals and sustainability-minded ways of thinking for work-system actors. Most importantly, we propose that sowing seeds for sustainability involves engaging co-workers with different knowledge and professional backgrounds in on-going learning dialogues concerning the actual development of the whole system.

1 Introduction

The aim of the sustainability paradigm in working life is to promote work systems' and their employees' adaptive capacities (Holling 2001; Folke et al. 2002) and well-being (Hamilton and Gioia 2009). For instance, Folke et al. (2002, p. 17) define adaptive capacity as follows:

> Adaptive capacity is the ability of a social-ecological system to cope with novel situations without losing options for the future, and resilience is key to enhancing adaptive capacity.

Moreover, sustainable work systems (i.e., work organizations or, for example, networks of organizations) are adaptive and able to fulfill the expectations of their customers in changing situations, while simultaneously having a positive impact on the various stakeholders (including employees) and resources impacted upon by their operations. Sustainability in working life addresses positive development in four interconnected domains affected by work system operations: economic, ecological, human, and social resources (e.g., Martens 2006). Hamilton and Gioia (2009, p. 443) summarize:

> Sustainability facilitates growth and well-being within the organization (e.g., employees) while contributing to the sustainability of the global social, economic, and natural environment.

The Brundtland commission acknowledged the equal rights of the human and social system in focus (e.g., a work system) and the stakeholders and resources impacted by the systems' operations. The commission stated that today's people should strive to fulfill their needs without endangering the ability of future generations to fulfill *their* needs (World Commission on Environment and Development 1987). In addition to the satisfaction of the basic needs, the commission also recognized the right of the focal system to aspire to an improved quality of life. Therefore, the aim of the sustainability paradigm in working life is to stimulate employees' well-being and development while, at the same time, generating positive outcomes for the socio-ecological and economic environments impacted by their work. In this sense, sustainability does not mean stability or longevity; it is a dynamic process during which various resources develop or regenerate.

However, Pfeffer (2010) has recently argued that the sustainability discourse within the management science has focused more on natural resources than on the sustainability of the social environment and employees. He asks (2010, p. 35):

> Why are polar bears, for instance, or even milk jugs more important than people, not only in terms of research attention, but also as a focus of company initiatives?

The danger is that employees work to secure the ecological, economic, and wider social sustainability while simultaneously burning up their own resources and losing their adaptive capacities. We propose that there is a circular relationship between employees' well-being and sustainability. *Firstly*, cognitive development and general well-being of employees is one antecedent for work-system sustainability. Employees can better focus on the wider social, ecological and economic impact of their work when they are able to thrive at work (see Spreitzer et al. 2005) or, in other words, when they are able to learn and feel energized by their work. Taking on the complicated challenge of promoting sustainability is not an easy endeavor – both human intelligence and energy is needed. In short, work that sustains employees may be conducive to work-system and organizational sustainability. *Secondly*, we propose that a work system may encourage well-being and development of employees when ecological, economic, social and human sustainability are embedded in its identity (e.g., Amodeo 2009). For instance Hamilton and Gioia (2009, p. 443; emphasis in original) write that:

> In sustainable organizations, individuals derive meaning from *doing* activities that they consider important (and perhaps even consider to be a calling) and from *being* part of an organization that they believe possesses virtuousness.

This chapter builds on the relevant literature, on our earlier published work (e.g., Docherty et al. 2009a, b, c; Kira et al. 2010; Lifvergren et al. 2009, 2010, 2011), and on our on-going research within the Scandinavian public sector. The purpose of the current chapter is to indicate both conceptual and practical ways to promote the sustainability of social and human resources in contemporary working life. We will also explore the ways in which the promotion of social and human sustainability at work may influence positively a work system's ecological and economic sustainability.

1.1 Case Illustration: The Skaraborg Hospital Group

Throughout the chapter, we will exemplify our arguments with case illustrations from the healthcare sector. The illustrations originate from the Skaraborg Hospital Group (SHG) in Sweden in which the second author has been working as a development director in the top management team for about 4 years, but also as a senior physician and development facilitator for more than 10 years. SHG is made up of four hospitals in the towns Falköping, Lidköping, Mariestad, and Skövde in the Western Region of Sweden. The group serves 260,000 people with acute and planned care in most specialties, employs about 4,500 people and has 800 beds. At SHG, sustainability is becoming the most prioritized strategic theme as a means to meet the challenges facing healthcare systems in Sweden. The long-term goals of

SHG state that the care processes must be continuously improved to satisfy the needs of its customers, which entails a focus on continual process development from a patient's perspective. High quality service provision and patient safety are of outmost importance. The long-term ambition of SHG is to continuously improve and grow its value-adding activities in the care processes from a customer perspective, leading to sustainable outcomes from a clinical as well as a social, ecological and economic perspective. Such a strategy also requires full commitment from managers to support, develop, and empower employees at all levels in the organization. Since 2000, a competence structure at SHG regarding sustainable development has been established. An internal parallel improvement organization has been developed, consisting of 40 full-time improvement facilitators who are connected to key patient processes. An on-going Six Sigma program has, to this date, generated 60 black belts, 300 green belts and more than 3,000 white belts – competences that are all incorporated in the organization (Lifvergren et al. 2010). There are also 40 Lean coaches and six part-time Ph.D. students in quality sciences. Expertise has also been recruited from knowledge domains outside the healthcare, e.g. a Ph.D. in quality management, a statistician and one logistician. As of today, about 1–2 % of the hospital staff has gained an education pertaining to quality development of at least 30 credits, and all co-workers at SHG are invited to participate in everyday improvement activities (Hellström et al. 2011; Lifvergren et al. 2010)

An action research approach has been used in all of the case illustrations referred to in the chapter. Action research could be described as an orientation to inquiry where the intention is to improve the studied system by designing iterative action-reflection loops involving both researchers and practitioners engaged in the development activities (Lewin 1948). Researchers and co-workers take part in a participative community, in which all the members are equally important in generating actionable knowledge. Co-workers are thus considered to be co-researchers in the inquiry process. The purpose of action research is twofold; to generate actionable knowledge that helps to solve the local problem, but also to contribute to the body of generalized knowledge (Bradbury and Reason 2008).

The second author has participated as an internal action researcher in the cases; facilitating, supporting but also documenting the improvement activities. Experiences from the activities have then been reflected on in recurrent dialogues with external researchers including the first author. Insights from these reflections have then been fed back into the workplace dialogues. This approach has encouraged *dual* action-reflection loops between internal and external perspectives, thus highlighting the interplay between theory and practice in the improvement of local practices.

1.2 Outline of the Chapter

We approach the area of Human Resource Management (HRM) not only from the point of view of HR-professionals and single HR-practices (such as compensation or recruitment), but consider instead how a work-system's human resources, i.e., the personal and professional resources of its employees, can be managed in a

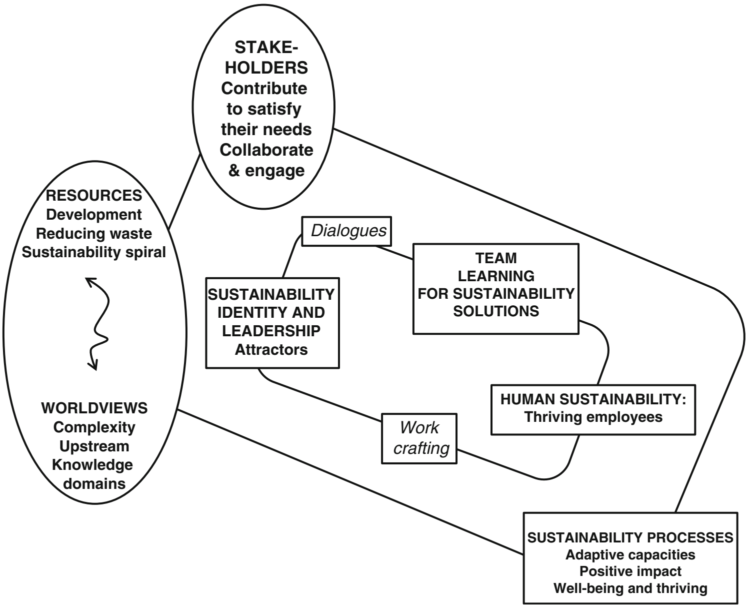

Fig. 1 The content of the chapter

sustainable manner so that they turn into positive resources for achieving wider work-system sustainability. In this sense, we sketch out an overall HR-policy (see Armstrong 2006) emphasizing the importance of human sustainability at work. Figure 1 outlines the topics discussed in this chapter. The figure does not present a flow chart of 'how to create sustainable work systems', but instead recognizes several elements, outcomes, actors, and processes that we propose are important in promoting work-system sustainability. Figure 1 also illustrates our view of work system sustainability as a complex phenomenon (Stacey 2003). Sustainability emerges and grows from various interacting actors whose work is founded on the value-base of sustainability (cf., Amodeo 2009; Cox 2009; Epstein 2008). Earlier, we have recognized some generic steps that work organizations and work systems aiming at sustainability seem to go through (see Docherty et al. 2009b, c). However, an alternative and perhaps equally valid way to regard the sustainability process is to observe its complex, interconnected nature where various elements, goals, and values are needed, co-creating one another.

We propose that work-system sustainability leads to on-going and dynamic processes of adaptive capacities, well-being, and positive present and future impacts of an organization on its employees and environments (see above). To further explore work-system sustainability, we will first recognize and discuss three basic starting points for sustainability in various types of work systems: (i) *resources*, (ii) *worldviews* or ways of thinking, and (iii) the *stakeholder* approach. We choose these three topics as starting points for sustainability, *firstly*, because our previous work has recognized these as important topics when considering work system sustainability (e.g., Docherty et al. 2009a, c). *Secondly*, several definitions of sustainability (Laszlo et al. 2010; McEwen and Schmidt 2007) connect sustainability to a certain way of thinking (worldviews). Many definitions also recognize the regeneration and protection of resources at the heart of the sustainability paradigm (e.g., Elkington 1999). *Finally*, yet other definitions of sustainability indicate that work system sustainability requires the participation of various stakeholders (Bradbury 2009; Epstein 2008). After having set the stage with these starting points, we will turn our attention to the *inside* of a work system to recognize what kinds of responsibilities and actions are needed from individuals, teams, and leadership in promoting sustainability (the inner circle of Fig. 1).

2 Starting Points for Sustainable Work Systems

In this section, we distinguish and discuss three types of starting points for sustainability in work systems. These intertwined elements – *resources, worldviews, and stakeholders* – are depicted in the left-hand side of the outer circle of Fig. 1.

2.1 Sustainability and Resources

Sustainability signifies a certain type of value-oriented way of looking at the reality (e.g., Bradbury and Reason 2008). The preservation of non-renewable resources and the regeneration of renewable resources are at the very heart of the paradigm. Reducing waste, recycling and reclaiming resources from what was earlier considered to be waste, thus making sure that resources do not end up in places where they can cause harm, are some key topics in the sustainability discourse (see e.g. http://www.naturalstep.org/the-system-conditions; Parrish 2007). Resources can be defined as entities that are either valuable as such or can be used in obtaining valued ends (Hobfoll 2002). Therefore, a sustainable work system is concerned with its human resources and their sustainable development and regeneration. Additionally, human resources are viewed important due to their potential in promoting ecological, social, and economic sustainability. The triple-bottom line approach recognizes that a sustainable work system has to prosper from the economic, ecological, and social perspectives. As John Elkington puts it (1999, p. 19):

> At the heart of the emerging sustainable value creation concept is recognition that for a company to prosper over the long term it must continuously meet society's needs for goods and services without destroying natural and social capital.

However, by recognizing the well-being of employees and the regeneration of their resources as an important aspect in work system sustainability, we *extend* the triple-bottom line approach into a quadruple-bottom line approach. We propose that the human, sociological, ecological, and economic perspectives are inevitably interconnected in every organizational problem or opportunity (see also chapter "Sustainability and HRM").

The issue of patient safety in a healthcare context might provide an elucidating example. At the Skaraborg Hospital Group (SHG) in Sweden, patient safety is one

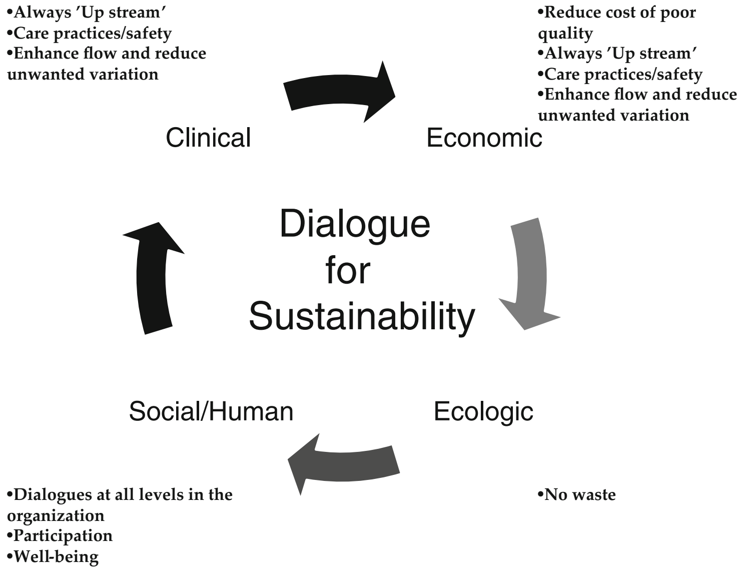

Fig. 2 The sustainability spiral

of the most prioritized overall goals of the work system. One important aspect of the patient safety strategy at SHG is to reduce care-related infections, i.e. infections caused by the care process itself. It is well-known that the presence of intravenous peripheral lines in a patient for more than 24 h increases the risk of potentially severe bloodstream infections. Accordingly, all bloodstream infections during 2008 at SHG were assessed. In the majority of cases, the infections had no relationship to care practices whatsoever, but in five cases it could be deduced that the peripheral line had been present for more than 24 h, unfortunately causing bloodstream infections in all of the affected patients. A closer inspection demonstrated that one of the patients had died and two more patients had suffered from severe complications and had to be rehabilitated for months before recuperating. Apart from the immense suffering among the patients and their families (human and social "waste" from a sustainability perspective), the extra care needed to handle the complications cost one million dollars (clinical as well as economic "waste"). Moreover, the co-workers involved were devastated to hear of their patients' outcomes, recognizing that the adverse outcomes were the results of poor systems thinking. Continuous improvement and better systems thinking was needed to prevent such events in the future. In addition, the care processes taking care of the complications had to use more material, increasing the "ecological" waste of the work system. Thus from a clinical perspective, an adverse event in care processes, often due to an unwanted variation, leads to increased costs and activities to take care of the complications (using more material – ecological waste), but also to patient suffering and employees' distress (social and human waste).

These insights inspired the top management team at SHG to present and visualize a "positive" sustainability spiral (see Fig. 2), in which the relationships between the different perspectives of sustainability are interconnected. In a regenerative work system, engaging co-workers in the continuous improvement of care processes in iterative workplace dialogues increases well-being and preserves resources among co-workers. Subsequently, an improved clinical process also creates value for patients and increases *their* well-being, which, in turn leads to the efficient use of clinical and economic recourses, simultaneously minimizing the ecological impact. In this particular case, improving care practices through co-worker participation and creativity to reduce the number of bloodstream infections (reduce unwanted variation), led to the reduction of cost of poor quality, thus minimizing the ecological impact from the work system's perspective while simultaneously contributing to employees' well-being and thriving at work.

2.2 Sustainability and Worldviews

The second starting point for considering sustainability in work systems concerns worldviews. Taking on the complicated challenge of the quadruple-bottom line of sustainability requires the adoption of complex ways of conceptualizing one's environment, its entities, and their relationships. As indicated in Fig. 1, it is clear that these two starting points for work-system sustainability (i.e., resource-focus and worldviews) are intertwined; special worldviews are needed to deal with the challenge of intertwined resource development.

Bartunek and her colleagues (Bartunek et al. 1983; Bartunek and Louis 1988) argue that a complex cognition is a prerequisite for an individual to deal with the challenges of contemporary working life. On the other hand, Starik and Rands (1995) propose that a comprehension of work and the ability to continuously make sense of work also enable individuals to impact positively on the surrounding world. Understanding one's environment in a complex – differentiated yet integrated – manner may be conducive to sustainable work systems.

Riedy (2003) and Laszlo et al. (2010) propose that people start from an egocentric level where they are only concerned with their own well-being when achieving personal benefits. Maturity is connected to the concern of one's social group – a group consisting of people considered equal to oneself. Eventually, people may move from such socio-centric thinking to eco- or world-centric thinking, where they seek to make decisions beneficial not only to themselves or their immediate social group, but also to the wider socio-ecological environment. Therefore, by definition, a 'sustainable individual' or a sustainable work system seeks to adopt a complex worldview and find solutions that promote its own existence while also contributing to the sustainability of the wider environment impacted (e.g., McEwen and Schmidt 2007).

2.3 Sustainability and Upstream Thinking

Related to the complex worldview is an approach of upstream thinking. Upstream thinking means seeking to detect and correct potential problems already 'in the upstream', or in the very foundations of operations. An alternative is to let these problems travel all the way through the work processes and be detected only in the outcomes, even if detected then. Accordingly, sustainability is about thinking ahead; seeking to recognize potential problems and pitfalls beforehand thus reducing complexity and waste of resources in the system (Broman et al. 2000). For instance, when it comes to human sustainability, the sustainability paradigm means creating working conditions where the thriving of human resources is possible instead of focusing on coming up with remedies for stress and burnout.

Once again, the case of patient safety at SHG might provide an illustrative example (Fig. 2). Adopting upstream thinking in the case of bloodstream infections, SHG has worked intensively to implement care practices by inviting co-workers to develop standards that reduce the prevalence of intravenous peripheral lines present for more than 24 h. The strategy was implemented using developmental dialogues at all levels of the work system, inviting co-workers to participate in the improvement efforts ("social" and "human" sustainability), leading to reduced variations in care practices ("clinical" sustainability). As a result, no severe bloodstream infections due to poor care practices were detected during 2009, thus contributing to social, human, economic and ecological sustainability at SHG.

2.4 Sustainability and Knowledge Domains

In this context, we define knowledge domains as specific areas of actionable knowledge where academics together with practitioners, within a given theoretical field, define the content as well as the boundaries of the domain in order to continuously evolve theories and practices pertaining to the specific area. Particularly, we focus on the pluralism of knowledge domains present in any work systems and, especially, in healthcare processes. From a sustainability perspective care processes are, admittedly, extremely complex (Glouberman and Mintzberg 2001), requiring a multifold of knowledge domains to satisfy the needs of its patients. Therefore, a sustainable care process pays attention to and integrates insights from various knowledge domains. To illustrate this point, we draw on the previous example from patient safety at SHG. From an upstream perspective, the patient safety process entails knowledge of hygiene, prevention of infections, the development and adoption of new technologies, but also bacteriological and virological research – to mention but a few domains. From a downstream perspective – i.e. when preventive measures have been insufficient – the subsequent care process must be able to take care of patients with severe infections. This capacity involves knowledge of infectious diseases, patient care practices, logistics and production planning, quality improvement, care process communication and documentation, laboratory processes, x-ray processes and so on. Obviously, many knowledge domains are involved in the development of a sustainable care process.

2.5 Sustainability and Stakeholders

The third starting point for work-system sustainability studies is the stakeholder approach. Stakeholders of sustainable work system are various and many – the aim is not only to satisfy special groups such as customers or shareholders. Instead, a sustainable work system pays attention to the needs of various actors and groups impacted by its operations (see also chapter "A Stakeholder Perspective for Sustainable HRM" in this volume). A sustainable work system is mindful in choosing its suppliers, because its operations cannot be considered sustainable if other organizations and work systems upstream or downstream do not work for resource development as well (e.g., Bradbury 2009). To achieve sustainable operations, a work system has to make sure that the services and products it uses have been produced (and disposed of) in a sustainable manner. Similarly, a sustainable work system perceives Non-Government Organizations (NGOs) and other interest organizations as collaborators rather than as threats. Therefore, sustainable work systems collaborate with and engage various stakeholders to ensure the sustainability of whole production or service chains to gain new perspectives to sustainability (Docherty et al. 2009b). From an upstream healthcare perspective, a sustainable system must incorporate stakeholders from the whole care chain. Taking the example of prevention of infections from a societal perspective, the approach entails the involvement of many stakeholders: local education systems (pupils and teachers) e.g., teaching hygiene, how to store and prepare food, self-medication; society at large (municipalities) providing infrastructure for clean water and sanitation; families gaining knowledge of sanitation, infection prevention and health promotion and; for-profit and NGOs-organizations gaining knowledge of health promoting procedures. Various stakeholders with unique knowledge domains are required to create more sustainable operations and processes.

3 Work System Sustainability: Actors, Responsibilities, and Processes

Above, we have recognized and discussed several starting points of sustainable work systems. We now turn our attention to the inner circle of our model. The circle focuses on *leadership, team learning, and human sustainability* in a sustainable work system (see Fig. 1). This section therefore takes a look at what actually happens inside sustainable work systems and what the roles and responsibilities of organizational stakeholders are – individuals, teams, and leaders – in promoting sustainability. We will discuss how the elements of sustainability recognized above translate into organizational actions and practices, and what implications they have for the promotion of sustainability in human resources.

3.1 Attractors and Leadership

The leadership in a work system plays an important role in formulating sustainability as a goal by indicating that achieving the operational and business goals is not the only purpose of the work system – also the manner in which these goals are reached is important. In this sense, the leadership plays a key role in creating the goal and interest for sustainability (Lifvergren et al. 2011).

Moreover, work-system sustainability entails "upstream" and "knowledge domain" perspectives, involving a great number of stakeholders in the development of the work system. Such perspectives therefore inevitably increase the complexity of the development activities. Consequently, cause and effect relationships are not linear. Management decisions do not lead to predictable outcomes; co-workers interpret and reformulate management intentions, and unforeseen events are the norm rather than the exception. Sowing seeds for sustainability in a work system entails a leadership that recognizes complexity as the dominating phenomenon of everyday organizational life.

From such a perspective, work systems are not rational entities where people do as they are told and follow the latest strategic n-step model. 'A' does not necessarily seem to lead to 'B' (Stacey 2003). A complex management view on organizational change (Alvesson and Sveningsson 2007; Child 2005; Dawson 2003; Stacey 2003), involves (Alvesson and Sveningsson 2007, p. 28):

> . . .applying an understanding of a complex and chaotic organizational reality. Unforeseen consequences of planned organizational change, resistance, political processes, negotiations, ambiguities, diverse interpretations and misunderstandings are part of this.

This perspective also involves relational psychology; individual consciousness is developed through a continuous conversation with oneself and people in the environment. Voices, symbols and emotions are continuously used in the process (Mead 1967; Stacey 2003).

The same pattern appears in a work system where interactions between co-workers, within groups or between groups, could be seen as on-going conversations where relations are created and create one another. The conversational symbols (texts, talks, body language or emotions) create new patterns, some of which will survive – and become 'the attractor' – and organize experiences contributing to the emergence of new practices and activities. The survival of new concepts is to a high degree dependent of the culture, history and politics of the actual organization (Alvesson and Sveningsson 2007; Child 2005; Dawson 2003; Stacey 2003). From a complexity point of view, change thus 'emerges' and is most often beyond the realms of detailed planning.

Evidently, this view of organizational change encourages leadership that promotes small-scale improvement and everyone's involvement as a way to reduce complexity, but also stimulating participation and individual growth among co-workers –'sowing seeds' by supporting each co-worker to realize his or her full creative potential at work. Inviting co-workers to the ambiguity and complexity that signify local improvement efforts might also bring forward meaningful and rewarding solutions. This calls for a long-term management approach and a lot of patience.

If strategies are created and re-created in relations and conversations, the primary aim of a sustainable leadership might be to secure meeting places for fruitful discussions concerning sustainability. Examining and trying to reveal, in on-going conversations among employees, what lies at the core of the proposed strategy is crucial from this perspective. New thoughts and proposals may emerge in the dialogues, leading to unforeseen but maybe creative and fruitful activities in unpredictable directions.

Creating sustainability-conducive organizational practices is a participative process (e.g., Amodeo 2009; Lifvergren et al. 2011) in which also employees embrace sustainability. Several researchers have emphasized that the transition toward (work-system) sustainability needs to be rooted very deeply; it means that a work system – its leadership and members – take the responsibility for the impact their actions have on a wide set of stakeholders (e.g., the society and even its future generation, nature and its resources). From a complexity perspective, sustainability could thus be regarded as a vital attractor in on-going conversations between co-workers at multiple meeting places in the work system. In practice, this could broaden co-workers' view from egocentric considerations, such as profit focus, to world-centric considerations or considerations on how work system's actions impact various stakeholders (e.g., Laszlo et al. 2010). However, if work systems are to be understood from a complexity perspective, the attractor of the system is not predictable. Nevertheless, co-workers within healthcare systems seem to identify themselves with a long-term, sustainable perspective (Lifvergren et al. 2011).

3.2 Team Learning as a Pathway for Sustainability

The previous section clearly indicates how teams are central locations for individual and shared learning that promotes work-system sustainability. In this context and drawing from healthcare experiences, we define teams as "microsystems". A microsystem is the most vital functional unit in a care process. The microsystem has sufficient capacity and resources to carry out its tasks but also to continuously improve the quality of its work. Batalden et al. (2003), but also Nelson et al. (2002, p. 474, emphasis in original) provide a definition of microsystems:

> A clinical microsystem is a *small group* of people who work together on a regular basis to provide care to discrete *subpopulations of patients*. It has clinical and business *aims*, linked *processes*, and a shared *information* environment, and it produces performance *outcomes*. Microsystems evolve over time and are often *embedded* in larger organizations. They are *complex adaptive systems*, and as such they must do the primary work associated with core aims, meet the needs of internal staff, and maintain themselves over time as clinical units.

Obviously, the capacities of a microsystem team and the way the team continuously learns to improve its capacity are of outmost importance for a sustainable work system. Previous research has identified several factors, crucial for team learning, in a microsystem context (Batalden et al. 2003; Mohr and Donaldson 2000). A first such crucial factor is the team's access to the results of its performance, feeding this information into iterative dialogues, the purpose of which are to learn in order to continuously improve the work of the team. Long-term goals, support from the macrosystem and a cross-professional team, where the different professions rely on each other, seem to be other important factors for successful team learning. Moreover, capable microsystems are characterized by the team members sharing common values – co-workers respect and acknowledge each other's competences on an equal ground as a common foundation for the improvement activities of the team.

Team learning is thus a collaborative process that is defined by communication; talks, dialogues and discussions. The arenas for dialogues continuously shift their boundaries to involve individuals and groups at different levels of an organization or a work system. Crossan et al. (1999) provide a '4 I' framework that links individual learning (Insight) through networks of collective or group learning (Interpretation and Integration) until it meets a senior management group whose decisions make important changes in the organization (Institutionalization) that is termed 'organizational learning'. According to Crossan et al. (ibid.) an on-going interplay between the different phases is a prerequisite for learning to take place. When combining the '4 I' model with a complexity view, organizational change could thus be perceived as interactions between co-workers in on-going conversations, within groups or between groups, where relations are created and create one another, see Table 1. Intuition, interpretation and integration may create new conversational patterns and associated actions – new seeds are being sown. A new attractor may emerge, organizing experiences in new directions where there is a chance of the change to be institutionalized – the seeds grow to inspire the evolution of a prospering and fruitful tree. Culture, politics and history – the soil in which the seeds are sown – play an important role and influence which conversational patterns and actions are possible within the organization. This view entails that the conceptions of 'systems transformation' and 'systems redesign' are truly problematic. Transformation and redesign presupposes a rational causality where someone is privileged to observe and reshape the system from without. From a complexity point of view, change "emerges" and is most often beyond the realms of detailed planning.

3.3 Sustainability and Organizational Identity

Another way to approach work system and human sustainability at work relates to the identity literature. Above it was noted how the transition towards sustainability means that a work system – its leadership and members – take the responsibility for the impact of their actions on a wide set of stakeholders. Therefore, some authors connect work system or organizational sustainability to a transformation in organizational identity (Amodeo 2009; Alvesson and Empson 2008; Hamilton and Gioia

Table 1 Mutually reinforcing individual and collective learning processes for sustainability (Based on Crossan et al. 1999; Huzzard and Wenglén 2007; Stacey 2003)

	4 I	Complex responsive processes
Individual	Intuition: the recognition of patterns/possibilities based on earlier experiences/mental models	Conversation with self, creating new insights and ideas; metaphors and images
Individual → group	Interpretation: concepts evolve and become interpreted, shared and spread between individuals	Above + conversations with individuals and groups in close environment, new conversational patterns emerge
Group → organization	Integration: concepts are shared and accepted within groups and inspire common action	The emerging patterns organize experience and action; a new attractor emerges
Organization → individual	Institutionalization: successful action reinforces common concepts and ideas. The concepts become part of the organizational routines and practices	The attractor influences relational and conversational patterns in the emerging and on-going conversations of the organization

2009). Organizational identity signifies the organization members' shared understanding of who they are as an organization (e.g., Alvesson and Empson 2008). According to Albert and Whetten (1985) organizational identity embodies features that are central to the definition of what the organization is all about and that this identity sets the organization apart from other organizations (distinctiveness). Moreover, these features are also enduring in the sense that, over time, they keep on characterizing the organization. As sustainability becomes embedded in an organization's identity, the endeavor for sustainability becomes a central, distinctive, and enduring characteristic for the members of the organization. Hamilton and Gioia formulate this (2009, p. 442; emphasis in original):

> First, sustainable practices require deep-seated change in the way most organizations today conduct themselves. Second, this sort of fundamental change requires a transformation in the way organizations sees themselves – that is, in their conceptualizations of *who they are*. In other words, a change of this magnitude in organizational practices requires a profound change in organizational identity.

Organizational (or work-system) identity, however, does not only provide a definition for an organization's members on who they are as an organization. Organizational identity also has an impact on the individual identities of the organization's members. According to social identity theory (Ashforth et al. 2008), people identify themselves with the social groups they are members of and, therefore, organizational and work-system memberships provide important social identities for employees. Dutton et al. (1994, p. 239) define organizational identification as *"a degree to which a member defines him- or herself by the same attributes that he or she believes define the organization"*. Furthermore, they also note that organizational identification may have positive or negative consequences for individuals. If organizational members appreciate and value the central, distinctive, and enduring feature of their organization, they have an opportunity to identify with something valuable that creates a more positive sense of personal selves. As sustainability means a generative value orientation, often supported with ethical reasons (see also chapter "Sustainability and HRM"), one may deduce that a sustainable identity in an organization enables the members to positively and individually identify themselves with the sustainable values of the organization (cf. Brickson and Lemmon 2009).

3.4 Sustainable Work: Well-Being and Development at Work

In this section, we discuss what sustainability may mean for employees and their personal and professional resources. Kira et al. (2010) define sustainable work as an activity in which employees engage their personal and professional resources in creating the desired services or products while, at the same time, developing these resources. Personal and professional resources – e.g., energy at work and professional competences – are valuable as such for employees (Hobfoll 2002). They also promote optimal functioning (Fredrickson 2005) by helping to (i) satisfy one's needs (Diener and Fujita 1995); (ii) buffer job demands (Karasek and Theorell 1990), and (iii) strengthen an employee's resilience (Fredrickson 2005). In short, personal and professional resources support momentary well-being, but they also foster human sustainability by rendering employees more resilient (see also chapter "Sowing Seeds for Sustainability in Work Systems"). The opposite of sustainable work is work that consumes human resources when services and products are created. Such work results in stress and burnout, thus decreasing employees' capabilities to function and adapt (see also chapter "The Model of Negative Externality for Sustainable HRM").

But what kinds of work experiences support the regeneration and development of personal resources? It has been proposed that identity – an individual's self-referential and context-depended definition of who she/he is (Ashforth et al. 2008) – is an important concept in the sustainability of human resources (Kira et al. 2012). *Firstly*, identification with an organization that incorporates sustainability in its identity may offer its members an opportunity to identify with a positive social entity, thus experiencing their own identity more positively as well. Personal resources that relate to a more positive sense of self and higher self-esteem develop and strengthen employees' well-being (cf., Dutton et al. 1994).

Secondly, work roles and activities that align with individuals' work identities – their self-definitions at work – may foster the development of their personal and professional resources. Kira et al. (2012) propose that work that engages and involves employees' identities enables them to operate and prosper as they apply the unique resources and strengths they perceive in themselves (see also Kahn 1990, 1992; Spreitzer et al. 2005). As work aligns with one's identity, it is possible to involve one's cognitive and skill resources in work and hone their development through work-based learning.

Earlier literature has also indicated how work corresponding to an individual's identity increases the sense of meaningfulness at work (Pratt and Ashforth 2003; Scroggins 2008). Accordingly, a sense of meaningfulness has been recognized as a key aspect of psychological well-being (Ryff 1998) and as a factor conducive to positive emotions and emotional vitality (Fredrickson 2005). Work that aligns with an employee's identity – how she/he defines her/himself as a worker – may be a starting point for positive psychological processes that create and regenerate personal resources and support psychological well-being, thriving (Spreitzer et al. 2005), and human sustainability at work. Moreover, a possibility to engage fully in work (Kahn 1992, p. 300) may also have benefits for the overall work-system sustainability:

> Personal engagements have systemic implications: systems are directly influenced by people driving greater expanse of energies into completing assigned tasks, creating products and procedures, questioning unproductive or unethical habits of thought and action, and creating collaborative communities.

Above, we have recognized participation as an important antecedent for both work system sustainability and the sustainability of individual co-workers. Participation in the development of the microsystem enables co-workers to engage their unique selves – their identities – in workplace activities and may thus contribute to their sustainability as described above. On the other hand, co-workers' participation and investment of their unique emotional energies, competences, and other personal resources may support the finding of solutions for sustainability. Therefore, we perceive participation as a two-way process between individual and work-system sustainability.

In addition to participation, the way work is designed may also support employees' to engage their identities in work. In line with these ideas, several authors have suggested work design approaches that aim at shaping work to better align with the unique need, values, interests, and identities of each employee. Most importantly, people are conceptualized as not only recipients of predefined jobs, but as active participants in shaping their work (Clegg and Spencer 2007). For instance, some authors have discussed job crafting as a means for employees to shape the cognitive, task, and relational boundaries of their work to respond better to their identities and to satisfy their needs (see, e.g., Berg et al. 2010; Leana et al. 2009; Wrzesniewski and Dutton 2001).

We illustrate these points with further ideas from the SHG. There are many knowledge domains and professional groups involved in healthcare processes. From a management perspective, this complexity makes the operation of care workflows difficult. At SHG, no one is formally in charge of coordinating many of the activities along the patient care processes that run across the hospital, although nurses do come closest to effectuating the integrating role of the processes (Hellström et al. 2010; Lifvergren et al. 2010). However, the complexity of patient care processes involves the potential for work crafting that might not yet been recognized in the design of healthcare systems. We propose that the design of a healthcare work system might actually benefit from this complexity while enhancing human sustainability at work as well.

Many tasks have to be managed in a healthcare process; the process must be safe with good care results, providing a good working environment and correct information to all caregivers along the process. Moreover, the environmental and ecological perspectives have to be accounted for in every care process. These are but a few examples of important work tasks and knowledge domains inherent in today's complex care processes. Accordingly, co-workers' work may be crafted collaboratively by managers and peers such that each co-worker finds a unique role in the care process; a role that aligns well with one's identity as it focuses on those knowledge domains that relate to one's interests and identity. As each co-worker finds a unique, meaningful role in the health care process, both the sustainability of the whole process and the sustainability of co-workers are strengthened.

To provide another example from SHG, the medical secretaries at one of the clinics together with the clinical manager initiated an effort to map out future administrative knowledge demands of the care processes. The inventory identified several new knowledge domains deemed critical to future process administration management. Some examples of the new domains were: ICT-knowledge to improve and integrate communication along complex patient pathways, but also to give support to all employees working in the care processes; knowledge of research and quality registers as a prerequisite for the continuous improvement of care; and knowledge of logistics and production planning to improve process capacity.

Simultaneously, the traditional secretarial tasks of writing, sorting journals and booking appointments, not least due to the integration of IT-support, had decreased significantly. These findings inspired the group to construct a new competence strategy for secretaries. Specific educational programs for the above identified knowledge domains were established and the secretaries could then choose what programs to attend. Due to the diversity of the different programs, the secretaries were able to select a set that truly reflected their genuine interest for a particular domain. The programs could thus be regarded as an attempt to connect individual interests with critical administrative tasks of the care processes, i.e. collective job crafting (see Kira et al. 2010). As a result of the programs several secretarial jobs came to contain many new tasks, e.g. construction and maintenance of the intranet, IT education tasks, improvement facilitation tasks, production planning etc.

This process connects in four ways to identities and human resources sustainability. *Firstly*, the process made it possible to craft work so that it would better align to the needs of the whole care process, but also to the very core of self-definitions of the medical secretaries. The possibility to work with a novel, self-chosen knowledge domain enabled the medical secretaries to express the interests and values they held for their work; work would now better align with the medical secretaries' identities. *Secondly*, the process made it possible to enrich the traditional secretarial identity to include new knowledge domains. For instance, as some medical secretaries took on responsibilities in the intranet construction, the medical secretary identity expanded to include aspects relating to organizational communication. In short, for the medical secretaries it was now possible to define themselves in terms of totally new knowledge domains and, in this sense, recognize and express new aspects of themselves at work. This may offer possibilities for identity development. *Thirdly*, the process also enabled the medical secretaries to reshape the traditional secretary identity such that it better aligned with the goals of the organization. For instance, taking a novel role in organizational communication (when maintaining the intranet) enabled them to contribute to the shared healthcare goals in novel ways. *Fourthly*, and connecting to the other points, the process made it possible for the medical secretaries to improve their own appreciation of their identities. As their work aligned better with the key self-definitions and also the needs of the organization, a more positive work identity might have emerged.

4 An Illustrative Case: The Laughing Gas Project

In this section, we present a case that illustrates the major points of this chapter. As a consequence of the sustainability strategy at SHG, more emphasis is put on ecological issues. Several environmental experts have been recruited and an environmental manager (EM) in charge of the overall ecological sustainability strategy was employed in 2008. During 2010 the EM led a large improvement project – the Laughing Gas (nitrogen oxide gas) project – aimed to significantly reduce the SHG's carbon footprint. Additionally, the ambition was also to connect the domains of the 'quadruple' bottom line to the project.

Laughing gas is a very potent greenhouse gas that affects the ozone layer. It is primarily used as a pain-relieving agent during childbirth in the obstetric department (OD) at SHG. In the defining phase of the project, an evaluation by the EM together with co-workers and managers in the OD showed that the use of laughing gas had increased significantly during recent years, constituting the single largest climate impacting factor at SHG. Accordingly, the purpose of the project was to significantly reduce the use of laughing gas, thereby minimizing gas dispersal to the atmosphere (ecological perspective) without negatively impacting pain-relieving procedures during childbirth (social/human/clinical perspective), simultaneously decreasing short-term costs of gas consumption and long-term costs of negative climate impacts (economic perspective).

The project team members were recruited cross-professionally and included midwifes, physicians (obstetricians as well as pediatricians), technicians, and environmental experts. Several air analyses of the gas concentration in different parts of the OD were carried out. Interviews and surveys with mothers as well as with co-workers were conducted. The use and effectiveness of different pain-relieving agents during childbirth were assessed. The data was then analyzed by the project group.

Possible root causes to the increased use of laughing gas were identified; e.g. there was an overuse of laughing gas when combined with other pain-relieving procedures; alternative methods to relieve pain had decreased; the face mask distributing the gas was not used properly causing gas leakage; and instructions on how to use laughing gas, to minimize leakage, were absent. The technical construction of the gas mask was also considered.

Based on these factors, several solutions were designed and implemented; e.g. new instructions for laughing gas administration during birth and improved information to mothers about alternative pain-relieving methods, to mention a few. The improvements have so far resulted in a 20 % decrease in laughing gas usage, and repeated air analyses have shown that gas leakage has diminished significantly. Experiences of pain as assessed by mothers during birth have not increased but have tended to decrease, probably due to improved and more efficient pain-relieving procedures. During 2011, SHG will invest in a laughing gas destruction facility with the intention to further reduce leakage by 85 %.

We believe that the project illustrates some key points referred to earlier on in the chapter. The ambition of the project reflected *upstream thinking*: of improving practices upstream in the care processes and thereby reducing the system's waste downstream. The domains of the 'quadruple' bottom-line were interconnected in a "*sustainability spiral*" (see Fig. 2), where reducing waste from the ecological perspective led to improvements in the clinical, social/human and economic perspectives. Co-workers were engaged in recurring learning dialogues at their workplaces to solve an important problem in the daily operations. From a team learning perspective, they constituted a *learning microsystem* – a community of practices for sustainability. The project team had continuous access to measurements and results, which were fed back into iterative dialogues, the purpose of which were to learn and to improve. Co-workers from different *knowledge domains* were represented in the team and, thus, each was able to contribute to the joint work from the perspective that confirmed and strengthened his/her *identity*.

After-project reflections with project members disclosed that they appreciated the project as being meaningful; they "*felt good*" being able to contribute to the overall environmental goals of the organization. The reflections could be interpreted as "identity-work", where the organizational and individual identities mutually reinforced one another.

From a managerial perspective, the clinical manager at OD secured meeting places for discussions concerning sustainability. In this sense, the clinical manager adopted a *complexity view to leadership*. He appreciated the expertise of the co-workers and left room for creative and surprising solutions – seeds – emerging from the dialogues between co-workers. The conversations among co-workers led to new thoughts and proposals that produced creative and fruitful solutions to the problem.

5 Discussion and Conclusion

In this chapter, we have identified several starting points for work-system or organizational sustainability (the outer circle in Fig. 1). We have discussed how the unwavering goal of protecting and regenerating *various resources* in work-system operations is a hallmark of a sustainable work system. Moreover, we also outlined some *worldviews* and ways of thinking that seem to underlie the operations of sustainable work systems. In short, we proposed that sustainable work systems adopt *complex views* to reality, engage in *upstream thinking*, and hone various *knowledge domains* that are required in achieving the desired operational results in a manner that protects and regenerates various resources involved.

We then turned our attention inside a work system (the inner circle in Fig. 1) and discussed what the implications of the resource regeneration goals or sustainability-minded ways of thinking for work-system actors and operations are. Most importantly, we propose that the search for sustainability in a work system may require the adoption of a management paradigm emphasizing the acceptance of *operational complexity*. Contemporary work systems – such as networks of organizations in healthcare systems – are complex, and to deal with this complexity, managers may make sense of systems together with their co-workers. Similarly, seeking to find operational solutions and work methods that promote ecological, economic, social, and human sustainability is an endeavor involving various ideas and points of view. Leading a work system on the path of sustainability may, therefore, mean sowing seeds for sustainability by engaging employees and teams to discuss and jointly ponder over topics relating to sustainability rather than taking a more normative approach to leadership.

There is, however, a further aspect to sowing seeds for sustainability. When a gardener sows a seed for a bluebell, she hopes that a bluebell will grow and flourish. Similarly, as managers sow seeds for sustainability, they also hope that work-system sustainability will emerge and flourish. The complexity view to organizations, however, indicates that sowing and growing are not always linearly connected. Due to the complex, self-organizing activities and interactions of organizational members, some seeds may become nurtured, while others will be disregarded. Employees may also create novel ‘scions’ from sprouting plants. Totally new kinds of ideas and solutions may arise. Earlier literature has emphasized how a leader may impact the climate of a work system (i.e., employees’ shared interpretation of what is expected and encouraged in the work system) and that the climate influences people (see for example Bowen 2008). A leader, in this sense, only indirectly influences employees’ attitudes and behaviors.

Moreover, adopting work-system or organizational sustainability as a key strategy may mean a change in the work system identity. According to several authors, some of whom are mentioned in this chapter, sustainability is rooted all the way to the core definitions the work system’s members attach to their work system – whether they define their work system as sustainable. Changes in work-system identities cannot be achieved by leadership efforts alone, but require work-system members – alone and jointly – to understand and conceptualize their work system in a novel manner. Also this is why work-system sustainability may be created through joint reflection and 'sowing of seeds' for it, rather than through directives and rules. In this respect, learning microsystems might be a key ingredient in a sustainable organization.

We also proposed that work-system sustainability – as a positive collective identity – might foster employees' positive view of themselves, thus creating more positive individual identities. Moreover, by referring to an on-going work by Kira and her colleagues (Kira et al. 2012), we suggested that alignments between individual identities and work may be a key issue in securing the human sustainability, or the regeneration and development of human resources at work that leads to optimal functioning and thriving. It seems, therefore, that research connecting identity theories and sustainability may be a fruitful area for future sustainability studies.

In this chapter, we have discussed human resources – those resources that people have at work – and their connection to the sustainability of a work system. Our aim has been to distinguish ways to lead, manage, and engage human resources to promote their own sustainability and to promote the work-system sustainability. We have not dealt with the traditional areas of HRM such as training, recruitment, or compensation. However, some insights may be drawn from our chapter to HRM practices as well. Above we have emphasized the importance of team-level learning and forums for joint learning as important steps in promoting work-system sustainability. This may offer some ideas for work systems and organizations as they consider their training efforts. Solving operational sustainability challenges and devising work and collaboration methods conducive to sustainability seems to be supported by on-going and shared workplace learning or, in other words, learning that is situated in daily work activities. Even though more structured classroom learning may also be needed for employees to master the complex topics relating to sustainability and its promotion in their field of work, also possibilities to experience and reflect on work events and to learn from them – alone and together – are important.

Work-system sustainability may also have implications for compensation practices. We have defined work-system sustainability as a goal that is internalized by the work-system members and relates to their intrinsic motivation. On-going attempts to improve such work-system sustainability are not likely to endure, if the only reason for employees to engage in the activities is due to extrinsic motivators, such as monetary rewards or social prestige. Earlier literature has, furthermore, indicated that extrinsic motivators may even endanger intrinsic motivation (see, e.g., Deci and Ryan 2000). This might mean that, if work-system sustainability is connected too closely to compensation, employees may lose their enthusiasm for it and feel only compelled to work for sustainability. Therefore, extrinsic motivators and sustainability may not go well together. However, at their best, compensation systems do not stand only as extrinsic motivators but send messages to employees of the operational goals and the work methods that are considered strategically important (cf., Gomez-Mejia and Balkin 1992). Therefore, a compensation system for sustainability may provide incentives for devising work methods that lead to more sustainable use of various resources. Team-level learning and dialogues in the microsystem are also important in devising more sustainable ways of working. A compensation system that encourages shared efforts and sharing one's ideas and learning with colleagues may be more conducive to sustainability than a compensation system that rewards for individual achievements.

Finally, seeking to establish alignments between work and employees' identities such that their personal and professional resources may develop has also implications for HRM practices. For instance, development discussions between an employee and a manager may be used as venues where such alignments are assessed – is it possible for the employee presently to engage their resources and strengths at work to develop in sustainable manner? And as noted above, perceiving work design as an on-going collaborative work crafting process may also help in finding a better fit between employees' identities and their work.

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Human-Resources Mindfulness

Promoting Health in Knowledge-Intensive SMEs

Guido Becke

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Abstract Highly qualified professionals are of vital importance for the long-term viability of knowledge-intensive organizations (KIOs). However, the regeneration of this 'human resource' is threatened by two sources of uncertainty inducing chronic psychological stress at work, i.e. dynamic environments with fluctuating customer demands and the 'deconfined' nature of knowledge work reflected by unpredictable work processes and outcomes. Moreover, chronic stress at work is increased by an internal marketization of many KIOs linked to closer controls of finance, personnel and time. Strategic Human Resource Management (SHRM) practices are challenged by the threat of a successive depletion of knowledge workers' health resources. In this chapter, it is argued that the concept of Human-Resources Mindfulness can be integrated in the concept of Sustainable HRM to foster sustainable work systems and employees' health in KIOs. HR Mindfulness is conceived as enhanced organizational awareness related to anticipating and coping

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with sources of uncertainty that threaten KIOs' HR base. HR Mindfulness can promote sustainable work systems in KIOs, if a mindful HR-infrastructure based on organizational routines and dialogue is established.

1 Introduction

Knowledge-intensive organizations (KIOs) are characterized by a high significance of sophisticated or exceptional knowledge that is required to deal with complexity and uncertainty (Grey and Sturdy 2009, p. 135). In the economic perspective, this specialist knowledge and the ways, it is produced, divided, shared and utilized are regarded as the prime force of KIOs' performance, competitiveness and longevity (Swart 2008; Brödner 2009). This sophisticated knowledge is considered to be a specific form of economic capital in that it is embodied in highly qualified knowledge workers (Brödner 2009; Grey and Sturdy 2009). These draw on implicit or tacit, i.e. experience-based knowledge, and on explicit or codified knowledge involving abstract, technical and theoretical knowledge (Brödner 2009; Blackler 1995). Explicit knowledge is of little economic value without experience in application, i.e. tacit knowledge (Swart 2008; Blackler 1995). KIOs depend on highly qualified and adaptable experts that are capable of developing innovations, i.e. new products, processes or institutional arrangements (Brödner 2009; Grey and Sturdy 2009), to achieve competitive advantages and organizational longevity. Hence, attracting, developing, regenerating and retaining these critical and indispensable human resources turns out as a core challenge to Human Resource Management (HRM) (Grey and Sturdy 2009; Brödner 2009; Docherty et al. 2009) that – in a broad sense – can be defined as "the management of work and people towards desired ends" (Boxall et al. 2008, p. 1).

In the perspective of organizational sustainability directed to achieve companies' long-term viability in volatile environments, Sustainable Human Resource Management (Sustainable HRM) can be viewed as an extension of SHRM (Ehnert 2009). Sustainable HRM intends to balance the efficient deployment of 'human resources' with sustaining their long-term availability (Ehnert 2009) by two basic sets of sustainability strategies (Ehnert 2009): First, the reproduction of external sources of resources critical to ensure resource availability (Müller-Christ 2001). Second, strategies that intent to "maintain the HR base from within" (Ehnert 2009, p. 165) i.e. internal strategies that have the goal of regenerating and developing human resources, thereby contributing to the development of sustainable work systems that are conceived as systems "where human and social resources are . . . regenerated through the process of work while still maintaining productivity and a competitive edge" (Docherty et al. 2002b, p. 214).

This chapter primarily refers to the second set of sustainability strategies. Firstly, it addresses an under-explored core problem of Sustainable HRM: the development and regeneration of highly qualified knowledge workers' health resources (Becke et al. 2010a). It is assumed that knowledge workers can only contribute effectively to KIOs' long-term viability, if employees' health-related resources are developed and regenerated. In this chapter, it is argued that knowledge workers can develop and regenerate their health resources, if they are capable of balancing work-related demands effectively with available coping resources at work, e.g. job control or social support (Ulich and Wülser 2004). However, highly qualified knowledge work is often confronted with two sources of uncertainty problematic to knowledge workers' health resources: External uncertainty is related to dynamic and unforeseeable business environments, e.g. a variety of customers with fluctuating demands (Vogus and Welbourne 2003). Moreover, uncertainty results from the specific character of innovation-driven knowledge work that is reflected by complex problem-solving activities with often unpredictable work processes and outcomes (Brödner 2009). Both sources of uncertainty result in increased work intensity fostering a successive depletion of knowledge workers' health resources (Hatchuel 2002; Brödner 2009).

Secondly, it is the objective of this chapter to develop the concept of human-resources (HR) Mindfulness as a sub-concept of Organizational Mindfulness (OM) (Weick and Sutcliffe 2001). HR Mindfulness is defined in this chapter as enhanced organizational awareness directed to the anticipation of and coping with external and internal sources of uncertainty that threaten KIOs' HR base, specifically the development and regeneration of knowledge workers' health resources (see also chapter "Sowing Seeds for Sustainability in Work Systems" in this volume). It is argued that HR Mindfulness can be integrated into a Sustainable HRM so facilitating the development of sustainable work systems, specifically taking account of external and internal uncertainties related to highly qualified knowledge work. It is assumed that HR Mindfulness fosters sustainable work systems by establishing an HR-infrastructure that is comprised of organizational routines within and outside of work processes, and of participative and dialogue-oriented procedures.

In this chapter, HRM and its practices in KIOs are reflected in a perspective inspired by the sociology of work and organizations. This perspective is based on normative assumptions that differ from the economic perspective: In the latter, employees are primarily regarded as 'human resources' who are to be managed to achieve desired economic ends (Grey 2010, p. 150). Contrary to this functionalist approach, the sociology of work and organizations primarily conceives employees as individual and collective actors that can utilize their primary power resources, e.g. tacit knowledge, or secondary power resources based on collective interest representation to shape work environments and to place constraints on management control (Edwards 2003; Grey 2010; Thompson 1989). In this perspective, employees are regarded as resourceful human beings with specific work-related interests, expectations and needs (Sisson 2007; Becke 2010) drawing on individual and social resources generated in social interactions at work (e.g. trust and mutual support) (Ulich and Wülser 2004). Individual resources include intellectual and tacit knowledge, skills, motivation to work, emotional and social competencies, and psycho-physical health resources, as individuals' sense of coherence and convictions of self-efficacy (Antonovsky 1987). Human beings may develop and utilize their resources in the workplace, e.g. to effectively cope with the demands of their work environment (Antonovsky 1987).

In the perspective of HR Mindfulness, employees are acknowledged as resourceful human beings and actors in the workplace that can utilize their tacit knowledge to develop solutions that foster a balance between work-related demands and coping resources regarding the two sources of uncertainty. Moreover, HR Mindfulness provides an infrastructure of organizational routines and dialogue that is grounded in an active participation of knowledge workers in designing (more) sustainable work systems and shaping frame conditions of knowledge work at company level.

This chapter is structured as follows: The second part refers to the exemplary empirical field of reference, i.e. HRM-practices in knowledge-intensive German Small and Medium Enterprises (SMEs) offering Information and Communications Technology (ICT) services. In this part, the emergent hybrid model of HRM containing contradictory elements of 'soft' and 'hard' models of HRM (Legge 2005) and the introduction of 'internal marketization' (Becke 2010) are discussed in respect of its unintended adverse health effects on knowledge workers by drawing on empirical findings related to recent research studies and our own action-research based case-study results. In the third part, the concept of HR Mindfulness is developed. Moreover, the application of HR Mindfulness is highlighted by drawing on our empirical case-study findings. It is shown that the infrastructure of HR Mindfulness enables SMEs offering ICT services and knowledge workers to effectively cope with the unexpected, i.e. unanticipated events related to internal or external sources of uncertainty, that especially prove to be severe psychological stressors in the context of the hybrid model of HRM and internal marketization. In the final part, it is concluded that HR Mindfulness can be integrated in Sustainable HRM, thereby facilitating the promotion of (more) sustainable work systems taking account of internal and external sources of uncertainty linked to KIOs. Additionally, limitations of the concept of HR Mindfulness. and the relevance of institutional contexts are discussed.

2 Empirical Cases: HRM in Knowledge-Intensive German SMEs Offering ICT Services

This and the following section provide an overview of empirical findings drawing on two different sources: On the one hand, the section refers to different research studies on working conditions and health promotion in German ICT services (cf. Brödner 2009; Boes et al. 2010; Gerlmaier et al. 2010). On the other hand, this overview relates to results from our explorative qualitative case-study research at the Centre for Sustainability Studies (artec, University of Bremen) in three SMEs offering ICT services (Becke et al. 2010a). These case studies referred to an internet-service provider for mobile users and social-media networks (firm A), a high quality provider of internet-services and multi-media platforms (firm B) and a cross-media enterprise offering services at the interface of printing and IT-services (firm C). Their mostly professional workforces contained between 20 (firm A) and 80 employees (firm C). In these cases, different forms of employees' interest-representation existed: Whereas in firm A an informal employees' spokesperson was elected regularly, in B and C legally institutionalized works councils were well-established. A and B collaborated partially with freelancers in project work.

Our research project aimed at two objectives: First, the analysis of health resources, psychological stressors and related collective coping patterns in German SMEs offering ICT services. Second, the development of a framework of procedures and tools directed to health promotion in SMEs of this type in close co-operation with case-study firms based on an action research approach (Becke and Senghaas-Knobloch 2011). This approach included an active involvement of employees and managers as 'experts of their work situations' in a series of dialogue-workshops (Becke et al. 2010a). The action-research process enabled to develop and to test (partially) the HR-infrastructure of HR Mindfulness in these case-study firms.

2.1 Core Characteristics of the German ICT Service Industry

ICT services encompass a variety of economic activities including consulting, web- and internet-design, software development, the development or maintenance of complex internet-based system architectures and platforms for social media networks. In the German ICT service industry SMEs prevail (Mayer-Ahuja and Wolf 2005; Hanckè 2002) that mostly lack an established HR infrastructure. The entire workforce of German ICT service industry consists of about 372,000 employees and freelancers (Hien 2007). The average employee is a male academic in his mid-thirties (Mayer-Ahuja and Wolf 2005; Hien 2007). The industry is characterized by a variety of organizational forms covering enterprises with more or less bureaucratic structures, companies with project-based organizational forms or cross-sectoral business processes, and fluid virtual networks composed of legally independent small or tiny firms extensively collaborating with freelancers (Mayer-Ahuja and Wolf 2005). Market environments are characterized by dynamic and intense competition, and comparatively short innovation cycles (Brödner 2009).

In ICT services knowledge work prevails. Knowledge work can be defined as generating, analyzing and diffusing, distributing and utilizing knowledge for business- and client-related means (cf. Hirsch-Kreinsen 2005). Knowledge work in the ICT service industry refers to the application and recombination of explicit knowledge ('know what') and tacit knowledge ('know how') embodied in human beings to solve complex, novel or ambiguous and abstract technological problems in order to achieve creative and innovative solutions, often tailored to specific customers' demands (Swart 2008, 452 p., Brödner 2009; Bleses 2009).

Problem-solving in ICT services necessitates an integration of knowledge from experts of different professional domains across professional and even organizational boundaries (Brödner 2009). Knowledge work in firms offering ICT services is often organized as project work in multidisciplinary teams (Brödner 2009, p. 54). This in-company core of project work is supplemented by freelancers that are hired flexibly for specific tasks. Project work more often involves a close collaboration with clients. This collaboration often includes mobile work requiring employees to work at clients' premises (Bleses 2009). Most projects in ICT services do not exceed several weeks or months extending up to half a year (Mayer-Ahuja and Wolf 2005).

2.2 The Hybrid Model of HRM in German SMEs Offering ICT Services

Since the turn of the millennium, a hybrid model of HRM has emerged in German SMEs offering ICT services containing contrasting or complementing elements of 'soft' and 'hard' models of HRM (Becke et al. 2010b; Boes et al. 2010). The 'soft' model of HRM appreciating highly qualified knowledge workers as vital contributors to and "a source of competitive advantage through their commitment and adaptability of skills and performance" (Legge 2005, p. 224) prevailed in start-up and start-up-to-grown SMEs in the 1990s (Boes and Trinks 2006). Our case-study research underlines that features of this model still can be found partially today in elements such as training on the job, informal learning in communities of practice, and dense interpersonal communication structures (Becke et al. 2010b). Moreover, SMEs high performance work systems are often based on self-regulated project work taking account of the 'deconfined' character of innovation-driven knowledge work (Brödner 2009; Bleses 2009).

Furthermore, this 'soft' model-side of HRM is underlined by organizational cultures that can be characterized as variants of a "pragmatic production community" (Abel and Ittermann 2003, p. 105). Their backbones are mutual trust and consent-based labor relations. Often, informal modes of employee involvement and participation are practiced, as 'round tables' involving managers and employees' spokespersons or informal discussion groups (Abel and Ittermann 2003; Hanckè 2002; Becke et al. 2010b).

Nevertheless, elements of the 'hard' model of HRM primarily regarding employees as "headcount resource … to be exploited for maximal economic return" (Legge 2005, 223 p.) have been introduced to the ICT service industry, fostered by enhanced economic competition worldwide, mergers and acquisitions and recurrent economic crises, especially in 2001 and 2007+. The 'hard' model of HRM is reflected by the management concept of 'internal marketization' which is particularly driven by quests for closer controls over costs and performance at establishment level (Becke 2010). It combines the deference of economic responsibility to departmental and team levels with tighter centralized forms of economic control. Dynamic economic goals at firm level are transposed into cascades of 'management by objectives'. Departments and self-regulated project teams are closely monitored by indirect forms of control focusing on economic performance outcomes encompassing profits, efficiency, and service quality (Boes et al. 2010; Bleses 2009). An advanced concept of 'internal marketization' was introduced in our case-study firm B.

Moreover, the 'hard model of HRM' was reinforced in economic crises by an enhanced off-shoring of tasks to ICT-service providers in countries with lower labor costs (Boes and Kämpf 2009) and by dismissals (Hien 2007). Although cost-cutting dismissals were utilized as an 'ultima ratio' to sustain firms' economic viability, this 'downsizing' often questioned the pragmatic production communities in German SMEs offering ICT services (Abel and Ittermann 2003; Boes and Trinks 2006; Becke et al. 2010b; Becke 2013). In response to dismissals, informal and legally institutionalized forms of employees' interest representation were founded in German SMEs offering ICT services (Abel and Ittermann 2003).

2.3 Unintended Effects of the Hybrid Model of HRM

In the following paragraphs, the unintended effects of this hybrid model of HRM are analyzed in respect to enhanced work intensity and psychological stress at work. These unintended effects can be explained by two different sources of uncertainty that are closely related to the highly qualified project work. Uncertainty can e.g. arise from economic growth and decline, shortened innovation cycles and fluctuating or shifting customer demands (Vogus and Welbourne 2003). This external source of uncertainty requires SMEs' attentiveness to dynamic environments and their flexible external adaptation (e.g. by setting up new collaborative inter-organizational networks) and internal adaptation (Levinthal and Rerup 2006). The latter implies an adaptation of work systems and their related internal framing conditions, as overarching capacity planning of project work and personnel deployment (Becke et al. 2010b). The second, internal and work-related source of uncertainty refers to the specific features of innovation-driven and highly qualified project work as 'deconfined work' in which work content, work processes, outcomes and work environments cannot be determined or regulated precisely by management or work designers (Hatchuel 2002; Brödner 2009). Highly qualified knowledge work precludes precise advance planning and restricts direct forms of management control (Brödner 2009; Bleses 2009). 'Deconfined' knowledge work demands employees and freelancers to cope with unexpected events and imponderables, e.g. caused by unforeseen clients' demands (Brödner 2009; Bleses 2009). Therefore, it proves to be a key source of high work intensity reflected by long working hours and more or less continuous stress at work (Brödner 2009, p. 54).

The argument is that knowledge workers are able to cope with both sources of uncertainty if they can balance work demands linked to these uncertainties with sufficiently available work-related resources (Maslach and Leiter 1997; see also chapter "Striking a Balance Between Work Effort and Resource Regeneration" in this volume). It is argued that the hybrid model of HRM leads to an imbalance between demands and work-related resources that fosters chronic stress and, in the long run, can result in physical and emotional exhaustion (Schaufeli and Greenglas 2001; Brödner 2009).

Since the economic crises of 2001 and 2007+, the economic pressure on project work in larger companies and in SMEs has been increased by the management concept of internal marketization. The introduction and establishment of this management concept enhanced work intensity and psychological stress: First, stress is heightened by the increased scarcity of resources in terms of finance, personnel and time available for project work (Boes et al. 2010). Internal marketization places constraints on knowledge workers' capability and resource base to cope with the unexpected in 'deconfined' and innovation-focused project work (Brödner 2009; Becke et al. 2010a). For instance, tight deadlines restrict the availability of time resources in project work that knowledge workers necessitate as a buffer to cope with unexpected events (Brödner 2009; Becke et al. 2010b).

IT-professionals often respond to restrictions of resources in project work by developing problematic coping patterns that foster a depletion of their health resources (Becke et al. 2010b). These coping patterns consist of a self-induced extension of working hours and work intensification in order to meet time-schedules. Work is intensified, if breaks at work are shortened or even avoided (Gerlmaier et al. 2010). Under time pressure, knowledge workers informally extend their working hours more often beyond the average of 45–50 working hours a week (cf. Hien 2007; Becke et al. 2010b; Gerlmaier et al. 2010), thereby decreasing their recreational ability: In a research study conducted by the Institute of Work and Qualification at the University of Duisburg-Essen, 29 % of the interviewed IT-professionals of German ICT service industry indicated that they were unable to relax after work and only 37 % of the interviewed knowledge workers were of the opinion that they were able to continue working in ICT services until retirement (Gerlmaier 2009; Gerlmaier et al. 2010). This result reflects IT-professionals' worries about a successive depletion of their health resources.

Second, chronic work-related stress can be attributed to the enhanced efficiency of HRM practices. In order to utilize human resources fully, IT-professionals have to work parallel on several projects (Gerlmaier 2009). In our case study firms, knowledge workers often had to work simultaneously on three or more projects. As our case studies show, IT-professionals identified this multiple project work as an important source of work-related stress (Becke et al. 2010b). It demands IT-professionals to individually co-ordinate their different projects taking account different tight time schedules and work packages. Hence, multiple project work leads to enhanced work-related stress because IT-professionals mostly do not have sufficient coping resources at their disposal, specifically to cope effectively with contradictory work demands (e.g. to provide high quality services in a short time) and unexpected events (Becke et al. 2010b; Gerlmaier 2009; Moldaschl 2002).

In internally marketed project work, work-related resources and high levels of psychological stress coexist more often (Brödner 2009). This coexistence contradicts established approaches of work and organizational psychology, including the socio-technical work design perspective (Emery and Trist 1960) and the demand-control-model (Karasek 1979). According to these approaches, work related resources, such as job control, social interaction at work, or complete and meaningful tasks, are conceived as universal resources that enable employees to cope with high workloads and promote personal growth (Ulich and Wülser 2004). However, these approaches neglect the matter of work-related resources being context-dependent (Brödner 2009; Moldaschl 2002; Bleses 2009). In this relational view of resources, it is assumed that whether job characteristics can "serve as a resource or not depends on context and the framing conditions under which the work is performed" (Brödner 2009, p. 57). In this perspective, job control in project work of ICT services fails to buffer high workloads, if the context restrict its utilization by IT-professionals. For instance, knowledge workers cannot draw on job control as a resource, if they are expected to respond immediately to clients (Becke et al. 2010b). Unplanned clients' demands and unanticipated interruptions at work attributed to emergent clients' problems that are to be dealt with on the spot (e.g. in case of 'service-level-agreements' with customers) contribute to enhanced time pressure and demand that knowledge workers have to redirect their attention to the interrupted activities anew after having solved clients' problems (Gerlmaier 2009).

Dismissals in German SMEs offering ICT services contribute to an increase in work-related stress. First, work-intensity is enhanced by staff reductions (Boes et al. 2010). Second, lay-offs and de-layering induce 'structural holes', i.e. gaps in the distribution of work-related responsibilities and the coordination of work processes (Becke et al. 2010b). In dialogue workshops carried out in case-study firms A and C, knowledge workers emphasized that they experienced these structural holes as a critical source of emerging psycho-social stress at work. In inter-departmental collaboration, recurrent stressful conflicts occurred that were attributed to structural holes. Work intensity was increased by disturbing and time-consuming conflicts (Becke et al. 2010b).

Although health-related problems can be attributed to enhanced work intensity and chronic stress, specifically German SMEs offering ICT services lack an established health promotion in the workplace addressing chronic psychological stress (Becke et al. 2010a).

3 Developing and Regenerating Health Resources by Human-Resources Mindfulness

The normative concept of sustainable development can be defined as "protecting the richness of the world's resources in such a way that their utilization does not destroy them but rather leaves equal opportunity for future generations to benefit from them as well" (Docherty et al. 2009, p. 3). This definition reflects a resource-based perspective of sustainability that highlights the development and regeneration of finite economic, ecological, social and human resources (Littig and Grießler 2005). Resources can be conceived as "enabling conditions for action in the present or the future" (Moldaschl 2002, p. 56; see also chapter "Sustainability and HRM" in this volume).

Sustainable HRM can be viewed as an extension of SHRM in respect to organizational sustainability that refers to maintaining organizational viability in the face of volatile socio-economic environments (Ehnert 2009). Sustainable HRM aims at achieving two opposite key objectives (Ehnert 2009), on the one hand, to harness employees' potential fully and to efficiently utilize human resources for enhanced business performance; and on the other hand, to attract and retain human resources over time. The latter encompasses HR-practices that are focused on the development and regeneration of human resources taking account of employees' health and well-being (Ehnert 2009; Docherty et al. 2002a; Brödner 2009; Becke et al. 2010a). Health and well-being relate to the extended set of human needs that are addressed in sustainability concepts (Littig and Grießler 2005, p. 68), in quality-of-work concepts (Becke et al. 2010a; Dahl et al. 2009), and in the approach of socio-technical work design highlighting the regeneration of employees' health resources by designing tasks and work organizations (Parker 2002; Ulich and Wülser 2004). In this health-related perspective, Sustainable HRM can contribute to establish or to foster sustainable work systems at company level (see chapter "Sowing Seeds for Sustainability in Work Systems" in this volume) by facilitating a dynamic balance of demands and sufficiently available work-related coping resources that enable highly qualified knowledge workers to develop and to regenerate their health resources over time. The cornerstone argument of this chapter suggests that this facilitating function of Sustainable HRM is strengthened by integrating HR Mindfulness in its infrastructure.

It is assumed that Sustainable HRM necessitates an integration of HR Mindfulness focusing on organizational awareness directed to the above mentioned sources of uncertainty that are closely related to innovation-driven knowledge work in SMEs of ICT services. Furthermore, HR Mindfulness and its infrastructure can assist Sustainable HRM to direct organizational attention to contextual framing conditions related to the hybrid model of HRM, specifically to internal marketization, as such frame conditions interfere with the dynamic balance of work-related demands and resources.

3.1 HR-Mindfulness as a Sub-Concept of Organizational Mindfulness

The following considerations seek to conceptualize HR mindfulness tentatively. HR Mindfulness can be conceived as a sub-concept of organizational mindfulness (OM) (Weick and Sutcliffe 2001). HR Mindfulness can be defined as heightened organizational awareness focused on the anticipation of and coping with external and internal uncertainties that are potential sources of adversity in respect to firms' HR base and, specifically, to knowledge workers' health resources. In this chapter, HR mindfulness and its infrastructure primarily relate to the growth and the regeneration of knowledge workers' health resources (Ulich and Wülser 2004).

This conceptualization of HR Mindfulness is based on three core assumptions: First, HR Mindfulness can support Sustainable HRM by creating a mindful infrastructure of HR-practices and routines that are highly sensitive to innovation potentials and detrimental side effects on firms' HR base in respect to the hybrid model of HRM. This infrastructure also enables people to reflect and to design framing conditions related to this HRM-model, especially to internal marketization.

In this view, the mindful HR-infrastructure can be conceived as a vigilant, early diagnosis and flexible intervention system for the development and regeneration of employees' health resources. Second, HR Mindfulness facilitates a regular exchange of actors' perspectives and direct participation of knowledge workers at company level drawing on their work-related interests, expectations and experience-based knowledge for designing (more) sustainable work systems (Docherty et al. 2002b; Busck et al. 2010). Finally, the extent to which a mindful HR-infrastructure leads to outcomes that promote sustainable work systems is influenced by other organizational factors, specifically the existence of a reflective organizational culture that "allows for voice and criticism without fear of retaliation" (Jordan et al. 2009, p. 467) and intra-organizational power structures, i.e. coalitions of decision-makers at company level that promote or oppose to this endeavor (Hatch 1997).

In the following paragraphs, the concept of HR Mindfulness is specified as a sub-concept of OM. The concept of OM was originally developed by Karl Weick and Kathleen Sutcliffe (2001) in respect to 'High-Reliability Organizations' (HRO) that are defined by their "unique ability to operate high hazard-technological systems in a nearly error-free manner" (Vogus and Welbourne 2003, p. 878). OM refers to the quality of organizations' attention in dynamic and unpredictable environments (Weick and Sutcliffe 2007, p. 32). OM involves "both a sustained high level of sensitivity to errors, unexpected events, and, more generally, to subtle cues suggested by the organization's environment or its own processes; and the capacity to engage in a flexible range of behaviors in order to respond effectively to this potentially diverse and changing set of stimuli" (Levinthal and Rerup 2006, p. 503). The concept of OM originally focused on HROs' continuous adaptation to highly dynamic and unpredictable environments (Weick and Sutcliffe 2007). However, these features of environmental contexts can also be attributed to other organizations than HROs, as many business organizations are operating in comparable volatile and unpredictable socio-economic environments (Vogus and Welbourne 2003).

OM is based on core principles that contribute to establish a 'mindful infrastructure' at company level (Weick and Sutcliffe 2001, 2007). These principles can be specified and applied to HR Mindfulness: The first principle refers to the 'reluctance to simplify interpretations'. Taking account of different viewpoints and promoting skepticism to identify and to reduce blind spots, it provides a more nuanced picture of unforeseen events (Weick and Sutcliffe 2007). In the view of HR Mindfulness, this principle mainly refers to organizing an exchange of different actors' perspectives (e.g. top managers, project managers, employees, self-employed) on framing conditions of innovation-driven project work related to the hybrid model of HRM. This exchange of perspectives is based on the involvement of employees and their experience-based knowledge (Becke et al. 2010a). It enables different organizational actors to reflect, to evaluate and to re-design the frame conditions of project work that restrict the development and regeneration of knowledge workers' health resources. This implies identifying unintended adverse health effects or unnoticed innovation potentials related to the HR base of SMEs providing ICT services (Becke et al. 2010b).

The second principle is ‘sensitivity and attentiveness to local operations’ involving employees and their tacit knowledge (Weick and Sutcliffe 2007). This principle is also of importance for HR Mindfulness emphasizing employees’ tacit knowledge as a core resource to anticipate or detect negative health-related side effects of fluctuating work demands and unexpected events in project work. Moreover, employees’ tacit knowledge is regarded as storage of knowledge that enables employees to detect, to monitor and to reduce externally and internally induced interruptions at work restricting knowledge workers’ opportunities to cope effectively with the unexpected in project work (Becke et al. 2010b). Finally, sensitivity to operations enables employees to develop work-related solutions to balance demands and resources in unpredictable work processes or to adapt work practices and routines to new circumstances or unexpected events (Jordan et al. 2009; Becke et al. 2010a). These two principles acknowledge the subject status of employees in HR Mindfulness as intra-organizational actors of creating sustainable work systems (Docherty et al. 2002a; Busck et al. 2010; see also “chapter Sowing Seeds for Sustainability in Work Systems” in this volume).

The third principle ‘commitment to resilience’ intends to maintain dynamic stability enabling firms’ operational continuity after a severe crisis or in the face of continuous environmental strain. It entails “the ability to bounce back from errors and handle surprises in the moment” (Vogus and Welbourne 2003, p. 881). This OM-principle can be applied to HR Mindfulness in respect to intervention practices that alter problematic frame conditions of knowledge work in order to facilitate employees’ regeneration of health resources (Becke et al. 2010b). Moreover, this principle can be focused on rebalancing reciprocity between management and employees, especially in respect to reorganization processes (Becke 2013). Rebalancing reciprocity enhances employees’ social recognition by management that is reported to reduce psychic stress and the emergence of work-related psychic disorders (Siegrist 1996).

The forth principle ‘underspecification of structure’ refers to “fluid decision-making” (Vogus and Welbourne 2003, p. 881) that enables organizations to turn decision structures upside down during periods of emergency or severe crisis, thereby utilizing local expert knowledge as an organizational resource for containing and coping with hazards (Weick and Sutcliffe 2007). In respect to HR Mindfulness, the underspecification of structure is reflected by deferred work autonomy employees can draw on to cope effectively with unexpected events in work processes. According to the fifth OM-principle ‘preoccupation with failure’, the detection of errors and near misses is regarded as a core prerequisite of high organizational reliability. Errors and near misses are conceived as sources of organizational learning (Weick and Sutcliffe 2007). This principle can be applied to HR Mindfulness in a more fundamental way. It focuses the attention on a potential neglect of Sustainable HRM. In this view, potential failures or negative side effects of HR strategies and practices can be attributed to a structural imbalance between economic, social and ecological dimensions. Moreover, this principle highlights that HR Mindfulness requires an infrastructure that combines a vigilant awareness on unintended side effects and failures of HR strategies and practices with structures that facilitate (organizational) learning from failure.

3.2 HR Mindfulness in Application

HR Mindfulness is built upon individuals' and groups' mindful behavior in respect to work processes and work-related contexts, and their capacity to respond to unanticipated signals from these processes and contexts (Levinthal and Rerup 2006; Jordan et al. 2009). However, to establish mindfulness across time at an organizational level, HR Mindfulness requires an appropriate infrastructure involving procedures of dialogue and organizational routines (Levinthal and Rerup 2006; Becke et al. 2010a, see also Table 1). Organizational routines can be conceived as "repetitive, recognizable patterns of interdependent actions, carried out by multiple actors" (Feldman and Pentland 2003, p. 95). Routines are characterized by the duality of structure and agency (Giddens 1984; Feldman and Pentland 2003): Routines as products of repeated social interactions can be maintained, reproduced and altered by human agency. This involves humans' capacity to interpret, to modify, to reenact and to adjust routines to unpredictable work processes and contexts (Levinthal and Rerup 2006, p. 508). In respect to the mindful HR-infrastructure, organizational routines introduce instability and scrutiny to established work practices, operations and frame conditions of project work in order to promote sustainable work systems. Routines of HR Mindfulness can contribute to reflective learning within organizations (Becke et al. 2010a). Reflection can be defined as a "practice of inquiry that is concerned with past, current or future phenomena . . .means engaging in comparison, considering alternatives, seeing things from various perspectives, and drawing inferences" (Jordan et al. 2009, p. 466).

The mindful HR-infrastructure embraces two basic variants of organizational routines: The first refers to routines that promote collective mindfulness by practices of reflection in ongoing work-related operations and interactions (Jordan et al. 2009; Levinthal and Rerup 2006). In this variant, the principle 'sensitivity to operations' is highlighted. Such "interactive routines" (Jordan et al. 2009, p. 468) primarily refer to a limited set of actors, i.e. project teams, project managers and collaborating self-employed. Examples of interactive routines in project work are start-, follow-up and regular team meetings or flexible and mostly informal meetings of project team members (e.g. 'scrum-meetings') that enable participants to update information, to adjust work co-ordination or to solve emerging unanticipated work-related problems. Such flexible and informal meetings reflect the OM-principle of 'underspecification of structure'. In our research project, still established interactive routines of project work were reenacted and extended by health-related dimensions. This integrative strategy of HR Mindfulness fosters continual self-monitoring and self-reflection of project teams in respect to dynamic

Table 1 The mindful HR-infrastructure in knowledge-intensive SMEs

Core elements and OM-principles	Range of actors	Focus
Interactive Routines in Work Processes	Project-team members: Project manager, employed and self-employed knowledge workers	Coping with emergent psychological stressors in work processes
OM-principles of 'under-specification of structure' and 'sensitivity to local operations'	Direct Participation	
Routines outside of Work Processes (e.g. steering committee)	Managers of different levels, employees' representatives	Reflection and analysis of interactive routines
OM-principles of 'reluctance to simplify interpretations', 'preoccupation with failure' and 'commitment to resilience'	Representative Participation	Strategy-Development related to the promotion of sustainable work systems Monitoring and evaluation of measures negotiated in dialogue conferences
Spaces of Dialogue	Employees, managers	Taking stock of work systems and frame conditions
OM-principles of 'reluctance to simplify interpretations' and 'commitment to resilience'	Direct Participation and Negotiation	Consent-based measures for sustainable work systems

Source: Own table

work environments and to unexpected events emerging in project work. Contrary to more conventional tools and procedures of health promotion in the workplace, such as health promotion circles, health-related collective reflection and awareness is integrated into work processes (Becke et al. 2011). This integrative strategy does not require SMEs to set up a parallel structure of health promotion in the workplace (Schmidt 2010). In our action-research project, checklists and questioning practices for team members in respect to work-related stressors and health resources were developed in collaboration with SMEs (Schmidt 2010). Our case-study results indicated that these tools helped to sensitize team members for health-related issues in project work and to develop solutions to cope with stressors collectively in ongoing work processes, specifically by the flexible redistribution of project tasks, offering social support or addressing project managers to assist project teams in dealing with problematic clients (Becke et al. 2011; Schmidt 2010).

The second variant of routines facilitate 'reflection-on-action' taking place outside of work operations (Jordan et al. 2009), e.g. training, reviews of completed projects or steering committees. Interactive routines form the backbone of the integrative strategy to promote sustainable work systems, but necessitate an overarching locus of co-ordination and regulation (Becke et al. 2011) provided by steering committees. These committees consist of an extended range of decision-makers at firm level.

In our case companies, these committees encompassed top managers, departmental managers and employees' representatives elected by the entire workforce. The latter were either works council members or a spokesperson. By involving employees' representatives an exchange of different perspectives on work-related issues was facilitated that mirrored the OM-principle of 'reluctance to simplify interpretations'. These committees served as a 'mindfulness radar' at company level by integrating and reflecting different signals of health-related problems or innovation potentials related to local work processes (Schmidt 2010). In this view, steering committees can be conceived as organizational routines that reflect the principle of 'preoccupation with failure'. Moreover, these committees reflected on health-related issues that had emerged in interactive routines indicating the need of an overarching reenactment of project work and framing conditions at company level. For instance, in our case-study firm B, top management and works council identified extra-long working hours as a core stressor of project work. In response to their analysis, both actors negotiated a works agreement establishing a system of bilaterally monitored working-time accounts. Moreover, internal capacity planning was adjusted resulting in an increase of employment at company level. Since then, extended working hours were reduced significantly, establishing a working week with an average of 40 h. This example reflects that steering committees can be regarded as an organizational key routine to design frame conditions of project work, thereby fostering sustainable work systems. Moreover, steering committees can act as collective power agents to decide on, to monitor and to evaluate solutions developed in 'spaces of dialogue' that facilitate the promotion of sustainable work systems (Becke et al. 2011). The OM-principle of 'commitment to resilience' is fostered by steering committees enabling a redesign of context conditions of project work.

Finally, the mindful HR-infrastructure can be built upon multi-actors' procedures of dialogue that provide opportunity structures for taking (regular) stock of entire work systems and related framing conditions by collective reflection, inquiry and problem-solving involving managers of different hierarchical levels, employees and their representatives at establishment level (Becke et al. 2010b). These procedures were developed taking account of participative dialogue approaches in the Scandinavian tradition of action research (Gustavsen 1994). Dialogue can be regarded as a participative procedure that is "flexible, changeable and open enough" to adapt work systems sustainably to dynamic environments (Kira 2002, p. 38). In our research study, 'spaces of dialogue' were introduced in all case-study SMEs. Employees and their representatives were involved in multi-actors' dialogue conferences that reflect the OM-principle of 'reluctance to simplify interpretations' by enabling an exchange of different actors' perspectives. In these conferences employees debated and negotiated work-related proposals with managers of different hierarchical levels. These proposals had been developed before in workshops as 'protected spaces of dialogue', only accessible to employees (Becke et al. 2010b). In the case of dialogue conferences, employee participation resulted in concluding consent-based agendas to be implemented accordingly and monitored by steering committees (Becke et al. 2010a).

In these spaces of dialogue, managers, employees and their representatives focused primarily on the collective reflection of overarching coordination of work processes, the specification and distribution of work-related roles and responsibilities, and practices of inter-professional co-operation and communication. Moreover, problematic frame conditions of project work were identified as important work-related stressors and redesigned (Becke et al. 2010b) reflecting the OM-principle of 'commitment to resilience'. For instance, in firm A psychological stress induced by 'structural holes' was reduced by defining responsibilities related to the interface-cooperation between different departments. In firm C, the entire work flow from acquiring projects to reviewing completed projects was collectively reassessed in dialogue-workshops in order to identify gaps of internal information and knowledge transfer and inter-departmental co-operation problems that induced stress at work and proved to be sources of internal conflict. Most of these negotiated solutions enhanced the transparency and manageability of work processes, thereby reducing work-related stressors at company level (Becke et al. 2010a; see also Antonovsky 1987; Kira 2002).

4 Conclusion

In this chapter, it is argued that HR Mindfulness and its underlying infrastructure strengthens the capacity of Sustainable HRM to foster sustainable work systems in knowledge-intensive SMEs by coping with two key sources of the unexpected, i.e. volatile and unpredictable environments, and unanticipated events closely linked to 'deconfined' knowledge work. Against the background of an emergent hybrid model of HRM, exemplified by German SMEs offering ICT services, these sources of the unexpected are identified as critical psychological stressors for the depletion of knowledge workers' health resources. HR Mindfulness provides an HR-infrastructure that enables Sustainable HRM to sustain knowledge workers' health resources by coping effectively with these sources of the unexpected: First, participative interactive routines integrated in ongoing work processes of project work enable knowledge workers to anticipate and to identify unanticipated and emerging psychological stressors at work and to develop mutual coping strategies. Second, participative routines outside of work processes, especially steering committees involving managers and employees' representatives, enable an overarching collective reflection and inquiry of psychological stressors and health resources related to project work. Such routines provide a multi-actors' platform for decision-making on strategic initiatives of health promotion at establishment level. Finally, participatory spaces of dialogue involving managers, employee representatives and knowledge workers as organizational actors facilitate to review entire work systems in order to enhance the organizational resources of transparency and manageability (cf. Antonovsky 1987; Becke et al. 2010a), thereby supporting the development and regeneration of knowledge workers' health resources. Moreover, spaces of dialogue enable organizational actors to reflect and to redesign frame conditions of project work closely linked to the hybrid model of HRM. By reducing problematic frame conditions, highly qualified knowledge workers' capacity to effectively cope with the dual source of the unexpected is strengthened.

However, limitations of HR Mindfulness have to be addressed. First, its outcomes tend to be ambiguous because expenditures and efforts of an enhanced and continual organizational awareness on HR Mindfulness, including the maintenance of a mindful HR-infrastructure, have to be taken into consideration (Levinthal and Rerup 2006). Second, organizational routines and procedures related to HR Mindfulness can become taken for granted (Jordan et al. 2009). In this case, HR Mindfulness fails to adapt work systems sustainably in the face of the unexpected. Hence, future research is to analyze how business organizations can establish adaptable, self-monitoring meta-routines of HR Mindfulness. Third, the application and outcomes of HR Mindfulness are dependent on organizational cultures facilitating trust-based critical reflection of established work systems (Jordan et al. 2009; Schmidt 2010). With this perspective, it has to be considered how cultural change at organizational level can be promoted, so opening up space for critical collective reflection and learning. Finally, the application of HR Mindfulness can collide with established power structures at company level (Feldman and Pentland 2003). Hence, the participatory design of its mindful HR-infrastructure can be conceived by managers as a threat to management control and authority (Becke 2010; Busck et al. 2010). Further research is required to explore the development of internal coalitions of actors and their specific interests regarding the application of HR Mindfulness.

The extent to which HR Mindfulness is implemented at company level and the range of involved intra-organizational actors varies with institutional contexts. Institutions can be conceived as "both legal and quasi-legal frameworks and of the constraints imposed by the presence of actors ... endowed with rights and resources resulting from these frameworks" (Hanckè 2002, p. 76). Core legal institutional frameworks shaping the application of HR Mindfulness at company level specifically refer to national systems of Industrial Relations and legal frameworks of occupational health and safety or health promotion in the workplace. These frameworks define the range and resources of potential actors in respect to HR Mindfulness at company level. For example, there exists a differentiated framework of health and safety legislation in Germany that especially obliges larger companies to set up an elaborated health and safety management (Schneider and Beblo 2010). Compared to SMEs, the range of potential actors of mindful HR-infrastructures is extended in larger German companies by establishing medical and safety personnel with specific institutionally based rights and resources. These actors can join and support power coalitions at company level promoting mindful HR-infrastructures and sustainable work systems.

Future research necessitates a closer analysis of the impact of different systems of Industrial Relations regarding the application of HR Mindfulness. Institutional contexts that shape national systems of Industrial Relations can be roughly distinguished in liberal market economies, e.g. the USA and the UK, and coordinated market economies, such as Scandinavian countries or Germany (Hall and Soskice 2001). In coordinated market economies, systems of Industrial Relations with a legally institutionalized representative participation of employees prevail at establishment level, either by trade unions (as in Sweden) or by works councils elected by the entire workforce (as in Germany) (Weitbrecht 2003). Unlike coordinated market economies, there hardly exists a legally guaranteed basis of employees' interest representation at company level in liberal market economies (Becke 2010). For instance, our case-study research underlined that the institution of works councils in German SMEs offering ICT services proved to be a key actor regarding the application of HR Mindfulness and the regulation of frame conditions of project work by drawing on their legally institutionalized co-determination rights in work design and occupational health and safety (Becke et al. 2010b; Gerlmaier 2006). It remains an open research question whether any, more stable functional equivalents to works councils can be identified in liberal market economies that promote HR Mindfulness at company level.

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Corporate Human Capital and Social Sustainability of Human Resources

Towards an Integrative Measurement Framework

Regina Osranek and Klaus J. Zink

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Abstract Sustainable HRM needs an implementation by using appropriate practical methods and actions. If these methods and actions are effective, has to be proven by measurement. Human capital approaches can be useful for this because their general focus is to measure the contribution of human resources (HR) to organizational objectives. Newer approaches additionally consider employees' needs and their protection and further development. Both topics are related to purposes of a Sustainable HRM. In this chapter, two exemplary measurement approaches of human capital, a monetary (Saarbruecken Formula) and an indicator-based approach (Human Potential Index), are introduced and analyzed in what way they can be adopted for Sustainable HRM. A main result of the theoretical analysis is the finding that in contrast to the monetary approach an adequate measurement of Sustainable HRM additionally has to integrate measurement of supportive

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circumstances for developing human capital (human potential). The indicator-based instrument can give valuable hints, but has to be extended. A final measurement framework will show a recommendation for such a comprehensive improvement.

1 Introduction

The consideration of "*sustainability*" in the context of business organizations (corporate sustainability), argues Ehnert, cannot be neglected. The number of enterprises which publish a sustainability report has increased considerably in recent years (Ehnert 2009). These actions can be interpreted as a response to societal and economic trends such as globalization, increasingly dynamic markets, technological advance and urbanization which encourage the debate on sustainability. These trends lead to a broader perspective of economic, political and social issues (see chapter "Sustainability and HRM" of this volume). For example, in western countries (by which we mean the western states of the European Union, the USA and Canada), which are the main focus of this chapter, the current and prospective of increasing numbers of "*older employees*" will lead to a lack of highly qualified staff (CEDEFOP 2008; Enders 2001). That situation raises several challenges for a Sustainable Human Resource Management (HRM). For example, older employees must remain healthy, well-educated (through continuing development) and productive to be able to ensure the organizations' performance in the future. Simultaneously, the well-being of all employees has to be taken into account during the whole employment period. The resulting awareness that employees are a crucial factor of long-term organizational success (Pfeffer 2000, 2010; Wankel 2008; Wiley 2010) needs preservation and development of human resources and at the same time contributes to the realization of corporate profitability. Therefore, two perspectives have to be considered: an organizational and a human one. Related to an understanding of sustainability in chapter "Sustainability and HRM", corporate sustainability means consideration of this topic with regard to the organization *and* all their current, past and future employees. In this context, one critical key is a Sustainable HRM (for its definition see chapter "Sustainability and HRM" in this volume). In this vein, one of the main objectives of Sustainable HRM is to sustain and develop human resources for today and for tomorrow under changing conditions (e.g. market-related, societal, political, and work-related circumstances).

For its systematical and efficient implementation, corporate Sustainable HRM needs a system of measurement. Otherwise, the effective and efficient controlling and management of Sustainable HRM is not possible, because critical indices are missing or not monitored. First models of a Sustainable HRM have been conceptualized (Clarke 2011; Ehnert 2009; Zaugg 2009), but explicit (especially quantitative) measurement approaches still have not been developed. We assume that measurement methods developed in the field of human capital theory present a worthwhile input, because they provide an idea about how to assess and design a Sustainable HRM. In the following pages, there will be discussion on whether existing measurement approaches from human capital theory can be adopted directly for Sustainable HRM or whether they have to be further developed from other indicators.

The link of human capital and Sustainable HRM is discussed in this chapter. Therefore, at the beginning a short description of human capital concept and its relevance for a Sustainable HRM is given. Next, two approaches of human capital measurement and their relation to Sustainable HRM will be discussed. It will be concluded from this discussion that the methods provide useful approaches for a measurement, but they are not sufficient. Thus, recommendations for an extension of the measurement methods by different disciplines will lead to advancement in the form of a proposed integrative measurement framework.

2 Importance of the Concept of Human Capital for Sustainable HRM

2.1 The Human Capital Concept in HRM Literature

Since Karl Marx, it has been shown that the term ‘capital’ can be understood in different ways. Marx associated the term with a monetary value (Marx 1867), whereas Bourdieu extended the concept to non-monetary factors (Bourdieu 1986). The author considered capital to be an instrument of power which could increase the individual’s means of acting productively and making profit.

After the Second World War, a revival of the human capital (HC) theory in the USA could be observed. One of the most famous developers of the concept was the Nobel Prize winner Gary S. Becker who also connected capital to the human aspect of production (Becker 1964, p. 1, Becker 2008, pp. 15–16) while Schultz (1961) declared individuals to be the “holders” of HC who are able to enhance such HC by attending health programs, on-the-job-training, state schools and colleges along with further education programs (Schultz 1961, p. 9). The view of Johnson (1960) is that employees can be termed ‘capitalists’ because they have power of disposition to utilize HC or not to utilize such capital (p. 564).

Several definitions of HC are primarily located within macroeconomics, while other specifications are associated with organizational and HR-related understanding, for instance Barney (2011), Hatch and Dyer (2004) and Stewart (1997). Table 1 provides an overview of key understandings of the term.

By analyzing these definitions, two different understandings of human capital can be found:

1. Human capital refers to all individual social, professional and methodical skills in an organization.
2. This HC is specified by integrating the relationship between individual skills and organizational objectives as such they have to be useful or valuable for the organization.

Table 1 Definitions of the term "human capital"

Author(s)	Definition of human capital	Human capital means ...
Barney (2011), see also Barney (1991)	"the training, experience, judgment, intelligence, relationships, and insight of individual managers and workers in a firm" (p. 121)	Individual characteristics
Becker (1964), (2008)	"expenditures on education, training, medical care, etc., are investments in Human Capital. Knowledge, skills, health, values is Human Capital" (cf. 1964, p. 1; 2008, pp. 15–16)	Individual characteristics, beneficial for the organization
Mincer (1993)	"I have used interchangeably the terms skill, labour quality and human capital. Accumulated skill is, indeed, a commonly used definition of human capital. [. . .] Accumulated human work capacity qualifies as a capital asset in the same sense as physical capital even if it cannot be bought or sold (it is, of course, rented) . . ." (cf. p. X)	Individual characteristics
Hatch and Dyer (2004)	". . . as their [workers] knowledge and skills" (p. 1155)	Individual valuable characteristics for the organization/organizational performance
Johnson (2005)	"Knowledge and skills as a product of education" (cf. p. 242, 251)	
Schultz (1961)	"Useful skills and knowledge" (cf. p. 1)	
Stewart (1997)	"The human capital is the capabilities of the individuals required to provide solutions to customers." (p. 76)	

Source: Own table

The second understanding is extended by a third concept. Schubert et al. (2008) argue that appropriate parameters to facilitate the use of individual skills are needed within an organization. That means not only adequate organizational processes and structures, but also individual factors (health, motivation, ability and willingness to perform) which have to be present simultaneously. Hence, we suggest that a third component is added (similar to intellectual capital) to the understanding of human capital:

3. Measurement of the organizational context conditions and their adequacy to facilitate the use of individual skills for the organization (including the individual parameters outlined above).

The discussed definitions imply an understanding of HC as a useful concept to sustain an organization's survival and competitiveness by achieving organizational goals. That additionally requires preserving and further developing human resources. But to have a more comprehensive understanding of human capital, one also has to pay attention to individual aspects which may not be directly useful for a company, but are useful for the employees and impact upon their work performance and employability, for example personnel growth, promotion of health and well-being or the development of work related skills as important factors for further progression along career paths. This idea belongs to a substance-oriented perspective of sustainability because factors that do not directly contribute to economic goals are also important. That is not the case in an efficiency-/ innovation-oriented understanding which does not include how to maintain a HR base. (Ehnert 2009, p. 65; Hülsmann and Grapp 2005) Additionally, we have a normative understanding as an ethical claim which is not sufficient because it does not give any precise options for action or hints how to be "fair". But it opens up the focus of stakeholders (intragenerational justice) and time-related perspectives (intergenerational justice). For example, an organization should *try* to comprehend employees' needs in the future, even though it is not easy.

Associated with the topic human capital a second concept has to be introduced to our debate namely social capital, which cannot be discussed comprehensively in this chapter due to the broad scope of the subject of such capital. For a full understanding of HC and its formation, however, it is necessary to understand the relationship between these two capital concepts- human capital and social capital. The creation of human capital requires the existence of social capital as a supportive environmental factor. Secondly, human capital can include issues that foster social capital, for example specific human skills like communication.

2.2 Social Capital and Its Relation to Human Capital

In general, social capital describes the ability of actors to gain benefits by their membership in social networks or other social structures (Portes 1998; Baker 2000). Coleman defined social capital as any aspect of social structure that creates value and facilitates the actions of the individuals within that social structure (Coleman 1990). The role of trust in that context was introduced by Putnam (1993) which is absolutely necessary to create social capital: Social capital as a concept of "... trust, norms and networks, that can improve the efficiency of society by facilitating coordinated actions ..." (Putnam 1993, p. 167).

Coleman (2000, p. 27) has suggested that human capital can be generated by social capital in the family and community. Adler and Kwon assume that the value of HC can be enhanced by "the goodwill that is engendered by the fabric of social relations and that can be mobilized to facilitate action" (Adler and Kwon 2002, p. 17). Blyler and Coff postulate that "human capital (education, training, skills, etc.) will not bring in critical new resources unless it is coupled with social networks" (Blyler and Coff 2003, p. 679). The argument is that people learn from each other and create meaning from information they could not process alone (Nahapiet and Ghoshal 1998; Brown and Duguid 1991) and that the exchange of knowledge and practices as a "holder" of skills needs interpersonal communication- in a social context. Close-meshed networks enhance such information flow and can additionally strengthen trust with each other by frankly disclosing weaknesses in their own knowledge (Ayas and Zeniuk 2001; Lane and Lubatkin 1998).

Social capital can also be influenced by individual HC: Social skills as a part of human capital are necessary to use social networks and to build trust in other people (e.g. Lewis and Weigert 1985; Cauce 1986). Pill and Leana (2009) assume that HC can facilitate the effective use of social capital for task performance. "Having a strong personal knowledge base is important to an individual's seeking and using related know-how that is accessible both within and outside his or her team" (Pill and Leana 2009, p. 1106). Studies of human capital have often not only emphasized individual skills and experiences, but also factors that contribute to social capital, such as sharing and exchanging information associated with skill development and application (Inkpen and Tsang 2005; Pill and Leana 2009). Meanwhile it has been argued that causality for only one direction of effects can never be found and that the interaction effects are always reciprocal (e.g. Pill and Leana 2009; Anderson and Miller 2003).

If we assume that social capital is a factor for generating human capital, then social capital has to be considered as an environmental parameter which is also responsible for maintaining HC and facilitating the use of individual skills for the organization. If we assume that HC can influence social capital and both concepts can engender benefits, one has to take care to shape HC in such way that it is able to foster social capital. For instance, individual skills are necessary to create and sustain social networks (Macdonald et al. 1998; McCallum and O'Connelly 2009). The integration of social capital in the link of human capital theory and Sustainable HRM will be discussed later in this chapter.

2.3 Theoretical Link Between Human Capital and Sustainable HRM

Why is human capital relevant for this topic? The answer to this question can be found in the comparison of the two concepts, 'human capital' and 'human resource' and the link of human capital and Sustainable HRM.

2.3.1 A Comparison of the Two Concepts 'Human Capital' and 'Human Resource'

"*Human resource*" and "*human capital*" refer to the impact which employees have on the achievement of goals by an organization, but the meaning of the two concepts needs to be differentiated. The *Resource-based view* provides a theoretical background (Barney 1991, 2011) in which it is assumed that resources generate a competitive advantage because these resource attributes are valuable, rare, inimitable and non-substitutable (Barney 1991). In a later publication, Barney defined a firm's resources as

> all assets, capabilities, competencies, organizational processes, firm attributes, information, knowledge and so forth, that are controlled by a firm and that enable the firm to conceive of and implement strategies designed to improve its efficiency and effectiveness. (Barney 2011, p. 121)

Furthermore, he describes the term ‘resource’ as an overall concept grouping different types of capital (Barney 2011, p. 121) whereas human capital is one type of resources. Moldaschl (2005, p. 52) also distinguishes between ‘capital’ and ‘resources’ by defining the term ‘capital’ as a category for specific groups of resources; e.g. human capital is an overall term for resources which are incorporated in single individuals (p. 52). Even, however, in his explanation, people are the origin of capital and a capital value can be deduced from human resources (see also Coleman 1990).

In Strategic HRM, human resources (Colbert 2007) and human capital (Martín Alcázar et al. 2005) are both critical for the performance of HRM. Hatch and Dyer clarifies the difference, they differentiate between ‘resources’ and ‘capital’ by postulating that the human element is the source while their knowledge and skills build capital as an outcome (Hatch and Dyer 2004, p. 421). Therefore, both concepts (HR and HC) have important significance for organizational success. Human resources are an input or “enablers” for generating human capital and creating organizational value. Human capital is a result or output of this process and can be related to the individual or the organization. That means employees bring their competencies and knowledge into the organization, but these are worthless first of all. By using the competencies and knowledge in a value-generating way, employees can create a value for themselves and/or the organization, they create human capital. The link between human capital and a Sustainable Human Resource Management is discussed below.

2.3.2 The Link of Human Capital and Sustainable HRM

In general, human capital and Sustainable HRM are connected in different ways which will be explained below.

First of all, Dyllick and Hockerts (2002, p. 132) have emphasized the importance of (not only financial, but also human) capital for realizing organizational sustainability. A Sustainable HRM can support (top) management to get a “sustainable organization” if a Sustainable HRM ensures the preservation of human resources and additionally takes care for appropriate strategy-related skills. The possibility that the HR base is secured and short- and long-term goals can be reached at the same time are found by empirical studies (Van Deventer and Snyman 2004; Yang and Lin 2009; Boudreau and Ramstad 2005; De Winne and Sels 2010). The main difference between Strategic HRM and Sustainable HRM is not only “to manage human capital”. Sustainable HRM aims to reproduce the HR base (potentially HC) over time while achieving organizational goals simultaneously (Ehnert 2009) and trying to meet stakeholders’ requirements.

A second link can be deducted. A measurement of human capital may provide important information for an HR system that has to react if deficits are detected. Such deficits can be shown by a HC measurement. The measurement can serve as a pointer to specific actions to design Sustainable HRM. For example, the measurement may indicate that relevant skills are missing so will prevent the achievement of organizational goals in the future. Therefore the HR department is informed that it has to become active in recruitment or training.

Looking backwards, HC measurements can report the outcome of HRM practices and allow the support for controlling and management of resources and systems. Therefore, the backward looking measurement can serve as a success indicator of a Sustainable HRM. That indicator is confirmed by sustainability reporting which often integrates human capital figures as partial evidence of the social dimension of sustainability, e.g. the Corporate Sustainability Assessment Questionnaire (SAM) as a prerequisite for an admission in the Dow Jones Sustainability Group Index (SAM Group 2011).

Bullen and Novin (2009) assume that Human Resource Accounting (HRA) is a useful measurement of human capital which

> provides information that facilitates human resource investment with other investment proposals for the firm's resources, and demonstrates that the long-term benefits from such investments can be positive.[. . .] . . . HRA measurement can influence management to think in terms of expenditures for the company's human resources as increasing the value of human capital or human assets that will provide future benefits to the company, rather than in terms of expenses. (p. 6, see also Flamholtz 2005)

HRM practices such as employee selection and development, knowledge management (Zaugg 2009, pp. 62–64), internal communication, organizational development and participation (Budd et al. 2010; Zaugg 2009, pp. 62–64, Zink 1996, 2005) impact upon the accumulation of human capital. The view of measurement methods of human capital can give worthwhile hints on how HC can be generated. Therefore it is necessary to know the relevant parameters (or HC) before a statement regarding changes can be formulated.

A third link is given by newer concepts of human capital which explicitly consider the needs of employees. That is important because employees have rarely had the opportunity to present their opinion on working conditions and the concepts meet the requirements of a Sustainable HRM to listen to stakeholders of the organization because the employees are a crucial component of the stakeholders.

Finally, the following figure depicts the relationship between the main concepts in a simplified way (Fig. 1).

These links between human capital and Sustainable HRM provide a common ground for the answer of the next question: How can sustainability in HRM be measured with the support of the HC concept?

3 Towards Measuring HC in Sustainable HRM with the Help of Methods from Different Disciplines

Human Capital Management has the aim to keep or further develop human capital in the form of employees and their competencies. The reason is the use of these competencies to generate competitive advantage, similar to the aim of Sustainable HRM (enabling organizational goal achievement while simultaneously reproducing the HR base over a long-lasting calendar time). Both concepts need a measurement

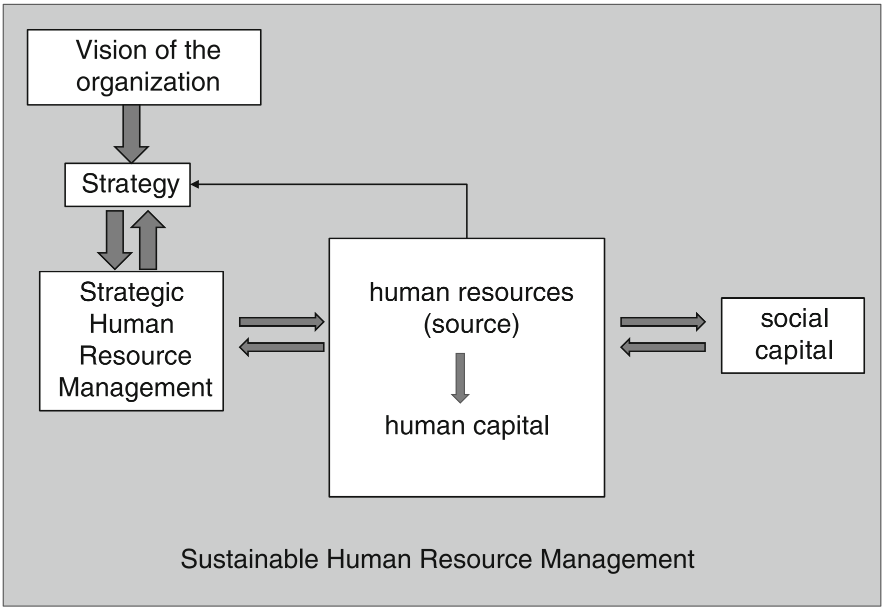

Fig. 1 Relationship between main concepts (Source: Own figure)

that shows a growth of relevant parameters. Human Capital Management provides a good access to a large number of measurement methods. Therefore, it makes sense to look for transferability of HC measurement methods to Sustainable HRM. There already is an abundance of measurement approaches to human capital which are constructed differently such as market-value oriented approaches (e.g. market-to-book ratio, Tobin's Q), accounting-oriented approaches (e.g. human resource accounting), value-added approaches (e.g. market value added, economic value added, workonomics), return-oriented approaches (e.g. return on investment, calculated intangible value) and indicator-based approaches (different indicators are summarized to an overall indicator of human capital) (Scholz et al. 2011, p. 57). But first of all, it is necessary to ask for the requirements on a measurement of HC in Sustainable HRM, deduced from the definition of Sustainable HRM:

- Consideration of organizational *and* individual demands. Otherwise, organizational goals could be achieved without considering employee's demands (for a short time!). But this does not fit corporate sustainability.
- Consideration of different levels so as to realize a holistic view: individual, organizational, society/ community and environmental components
- Integration of several assessments carried out by different target groups or stakeholders (including societal/ community): e.g. employers' and employees' views because a sustainability also means consideration of stakeholders' requirements.
- Attention to the short-term and long-term perspectives
- Enabling conclusions for actions on the design of components of Sustainable HRM, because an implementation could probably fail.

A variety of existing measurement approaches were examined with regard to how they meet these aspects, but all results cannot be shown here because of the extent and breadth of the variety. Some of these approaches integrate cost-related figures according to employees who seem to be seen as a cost-incurring factor. Other concepts such as the market-value depend on stock market changes and do not map an independent value. Most of these approaches do not integrate soft factors such as individual skills and needs or working conditions which are necessary for assessing human capital as a part of a sustainability concept. For a detailed discussion, we have exemplarily selected two German approaches because they demonstrate two different measurement methods. Simultaneously, they represent two general types of HC measurement. The Saarbruecken Formula gives a monetary result (measuring an output), whereas the Human Potential Index as a set of indicators focuses on instrumental factors (mainly focused on input) but also including employee oriented factors. Both approaches will be discussed in the following sections.

3.1 The Saarbruecken Formula

The Saarbruecken Formula combines measurement approaches named above (market-value oriented, accounting-oriented, value-added, return-oriented approaches and indicator-based approaches). The formula's calculation of human capital can be reported by the formula shown below (see also Fig. 2):

$$HC = \sum_{i=1}^{g}\left[\left(FTE_i * l_i * \frac{w_i}{b_i} + PE_i\right) * M_i\right]$$

Legend to the SaarbrueckenFormula	
i	employee groups, e.g. clustered according to educational levels, job categories, levels of hierarchy
FTE_i	Full-Time Equivalents (per employee group i)
l_i	average market-based reference wages (for each employee group i)
w_i	average "life-span" of knowledge (for each employee group i)
b_i	average firm tenure (for each employee group i)
PE_i	HR development costs of the last 12 months (for each employee group i)
M_i	motivation index (for each employee group i)

Fig. 2 The Saarbruecken Formula of human capital (Source: Scholz et al. 2011, p. 205; see also http://www.saarbruecker-formel.net)

The value basis is given by the number of jobs grouped into their full time equivalents (FTE_i) which will be multiplied by the market-related wage (l_i) and the coefficient of average “life-span” of knowledge and the average length of service or tenure (w_i/b_i) to map the human capital depreciation (the relevance of knowledge over time for specific target groups then multiplied by the duration of employment). The investment in personnel development (PE_i) can prevent the decrease of human capital which comes up with the time. The HR development costs of the last 12 months have to be added. The whole term has now to be multiplied by the amount of so called ‘*soft factors*’ such as employee motivation which includes commitment, working environment (context), and retention (readiness to stay in the company).

Organizational goals are implicitly reflected by how current employees ‘knowledge’ is applied. This is potentially used to gain enhanced organizational competitiveness. Investments in personnel development, assessment of commitment, working environment, and retention assessed by an employee survey can be interpreted as demonstrating employees’ interests. But a broad integration of these factors is missing, for instance health-related aspects which are not only attractive for employees but should also be crucial for the company to maintain its human resources in productive deployment.

How can the formula serve as an indicator of Sustainable HRM? Following the equation, human capital will increase, if the amount of full-time employees increases (FTE_i), because they are the “holder” of human capital. If one does not make the mistake of converting precarious (temporary, contingent and agency workers) employment to full-time employment, this measure can reflect a company’s responsibility to secure employment which is able to make a contribution to a basic livelihood of people and the community of which they are part. Furthermore personnel development is seen as an investment in human capital and an enhancement in value (PE_i), it does not exclusively mean a cost factor- this is a distinction which traditional accounts fail to make as workers are shown as a cost but the benefits of employing them and investing in them is not considered. So a demand-oriented HR development has to be taken into account at this point. That implies investments in a demand-oriented HR development. The factor $w_{i/}$ b_i suggests that if the average firm tenure (b_i) rises, the whole term becomes smaller which is opposed to a Sustainable HRM. The experience and increased expertise of long-time employees, for instance, is not included.

One crucial point of criticism of this approach is the fact that a comprehensive assessment based on an employee perspective is missing. A first step is undertaken by the assessment of motivation and commitment. But important factors which constitute a comprehensive understanding of Quality of Working Life (QWL) should still be included. For example the promotion of health and well-being and a humanitarian workplace environment are completely omitted. The World Health Organization understands QWL as an “individual’s perceptions in the context of their culture and value systems, and their personal goals, standards and concerns” (WHO 1998). It incorporates a persons’ physical and psychological health, level of independence, social relationships, personal beliefs and their relationships to salient features of the environment (WHO 1998). Some of these factors are considered in the model described next.

3.2 The German Human Potential Index

The Federal Ministry of Labour and Social Affairs (Germany) has published an instrument called the "*Human Potential Index*" (HPI) to measure the QWL relevant activities and structures within German companies (Schubert et al. 2008). The indicators used are shown in the following figure (Fig. 3):

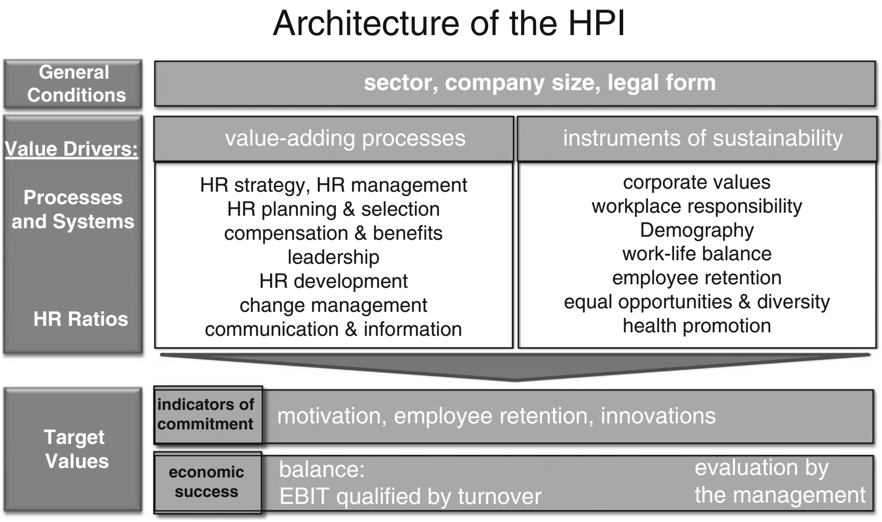

Fig. 3 The German Human Potential Index (Source: Große-Jäger et al. 2009, p. 22, translated by the authors)

While the first approach (the Saarbruecken formula) uses a very restricted understanding of human capital, the HPI enhances this view. The approach does not attempt to record human capital in monetary terms, but by several other indicators. Unfortunately the developers of the HPI do not explain the term human *potential*, but the aim of that instrument is clearly described as an assessment of appropriate structures and instruments to promote human capital (Schubert et al. 2008). It can be assumed that 'potential' means the most suitable framework to generate and maintain human capital. Therefore, this approach allows the integration of environmental factors. Whereas the Saarbruecken Formula calculates a monetary value for human capital, HPI quantifies activities which can influence the amount of a monetary result. In other words: Either the improvement of the input ("enablers") is measured as described in HPI by assessing preconditions to sustain or further develop human resources. Or the output can be measured by economic-related indicators.

According to the HPI, organizational goals are recorded by the economic figures of success. In an indirect way, the company's goals are integrated by the value-adding processes and their alignment with organizational strategy. In addition, the executives' subjective estimate of several issues also represents success factors, for example according to turnover, general profit trends and employee motivation, satisfaction, willingness to perform and organizational power of innovation. Indices of a Sustainable HRM are assessed in HR related value-adding processes. For example, how a company has systematically configured relevant skills of employees, in which way they are suitable in a short- and long-term perspective and the effectiveness of HR activities.

The intensive integration of employee-oriented interests is particularly useful. Almost no other measurement approach of HC considers such a range of employee factors including workplace responsibility, work-life balance, employee retention, equal opportunities, diversity, health promotion and demography. This approach also shows a broad range of possible design actions. Another use is the duality of target values which are related to organizational and employees' goals. The latter could be extended by corresponding indicators to value drivers, for example health-related or age structure associated factors. The aspect of sustainability is only integrated in "*instruments of sustainability*" and mainly refers to individual issues (employees). But an integration of the field "*value-adding processes*" is recommended. In addition, employee-oriented figures should be assessed by employees themselves, because they can provide the information most exactly.

Further development of the HPI model has been stopped at the moment, perhaps for political reasons (a change of the political party responsible for the government and therefore the ministry) and a range of critical voices. One of the main points of criticism concentrates on the relation between value drivers and the business success of a company (target values). A rigorous statistical evaluation of which action causes which effect in methodological conditions is not clearly dealt with. But as in practice, a statistical verification can barely be found because of reciprocal effects. Nevertheless, the benefit of this instrument can be estimated as high, because it belongs to those which integrate organizational and employee-oriented goals in a short-term and long-term way and confess the influence of organizational conditions like communication, participative change management, information, workplace responsibility, corporate value or compensation and benefits. These are factors in the organizational environment which influence if sustainability can be realized. But that is not enough. The instrument has to integrate sustainability in each dimension because value-adding processes also have to consider sustainability guidelines, for example strategic personnel selection.

The last section has shown that existing HC measurement methods can provide useful indicators, but they are not sufficient for measuring Sustainable HRM. Different changes have to be considered which will be explained hereafter.

3.3 Towards an Integrative Measurement Framework

If Sustainable HRM should be measured with HC related indicators, an integrative measurement framework is recommended. "Integrated" means the combination of different measurement approaches provided by different disciplines (e.g. human factors, ergonomics, business administration, psychology) and the integration into existing organizational structures in a systematic manner. Derived from requirements on a measurement of HC in Sustainable HRM (at beginning of Sect. 3), the task of a Sustainable HRM (chapter "Sustainability and HRM") and the discussion of the previous measurement approaches, the following aspects are important and give first relevant indicators (summarized in Fig. 4 by numbers):

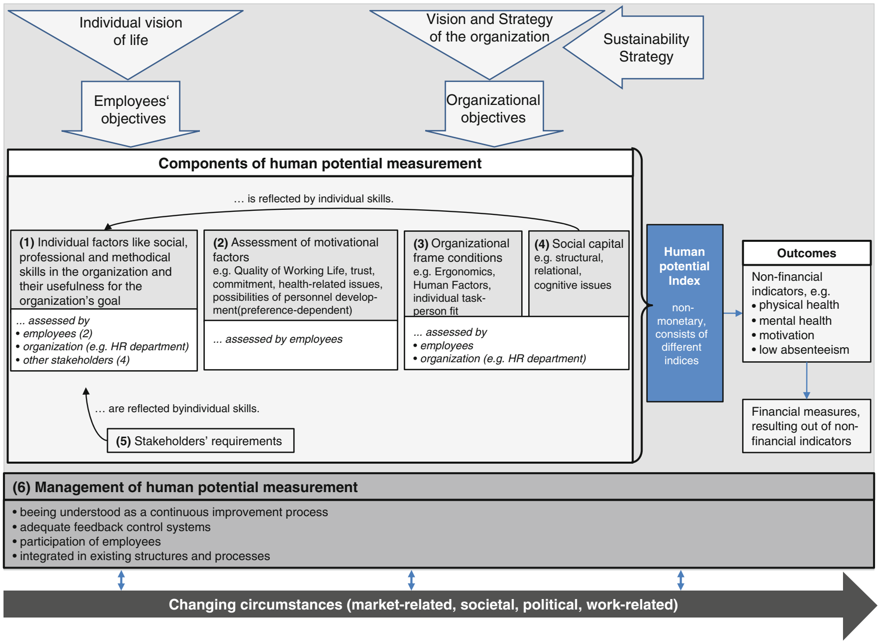

Fig. 4 An integrative measurement framework of human capital (Source: Own figure)

1. Assessment of the usefulness of human resources for an organization to generate human capital as part of a sustainability strategy.

Employees' skills have to be usefully applied to support the organizational vision and strategies which have to be developed explicitly. That should also include a short-term and long-term perspective. Employees' skills have to meet organizational goals, otherwise personnel selection or training must compensate for shortfalls. A human capital measurement has to include values which show the fit between organizational objectives and skills sets. The higher the fit, the higher the value of HC because existing skills can support organizational goals and the realization of a sustainability strategy without extensive personnel training. Costs of personnel development should not be an indicator for HC, because high expenditure in personnel training does not ensure that developed skills can be applied.

Additionally, employees' skills have to fit to the sustainability strategy. For instance, an organization has the aim to open up a new market for securing its existence in the future, special skills of employees are necessary. Similarly, its management knows that it is responsibly to train its employees without exceeding their physical and psychological limits. The difference to just a strategic HRM becomes apparent, because additional compliance with sustainability guidelines are required, not only the achievement of organizational objectives in the present and future.

2. Integration of employees' perspective.

This refers to the already mentioned relevance of an additional assessment done by employees, especially of their own skills, any motivational factors (commitment) and organizational frame conditions. For instance, the integration of the concept of QWL (see e.g. Cascio 2006, p. 24) as a set of organizational conditions and practices (e.g. employee involvement or safe working conditions) needs the employees' subjective perception because only employees themselves are able to assess it. This ensures that not only organizational objectives, but also employees' needs (one of the stakeholders!) are communicated. If employees' interests are perceived, their preservation and development is more likely and supports reproduction of HR base.

The consideration of employees' needs by a company is connected with the goal of maintaining the workability of employees (e.g. Gould et al. 2008; Ilmarinen 2009; Nordenfelt 2008) and in a broader context maintaining their employability (e.g. Moore 2010; Woldie et al. 2009; Smith 2010). That additionally implies a "*value enhancement*" *apart* from an immediate organizational use, but in an indirect way, for example, by creating macroeconomic effects. This includes the consideration of psychological resources to cope with increasing workload and feeling of insecurity (HIRES 2009; Pfeffer 2000) which is already expressed in an increased number of cases with mental illness related to the work life in Europe (WHO 2010). The assessment of effective psychological coping strategies becomes more important which can have a huge impact on maintaining human resources and therefore generating human capital (e.g. Avey et al. 2009; Bhagat et al. 2010). Supporting workability and employability factors also aims for personnel growth and learning in the workplace. Furthermore, this approach includes a process of matching the employee's abilities and needs with a relevant work place or task.

"Trust" as an exclusively subjective construct has also a crucial relevance. It is one main aspect of social capital (e.g. Putnam 1993) and holds an important meaning for employees to apply their work efforts for a company. That's why the international institute of Great Place to Work® considers soft factors such as trust within its employee survey of QWL.

> Trust is the defining principle of great workplaces – created through management's credibility, the respect with which employees feel they are treated, and the extent to which employees expect to be treated fairly. (http://www.greatplacetowork.com/our-approach/what-is-a-great-workplace, September 2011)

Trust can positively influence the development of the HR base. For instance, trust between employees among each other and in employer supports well-being (e.g. Helliwell and Huang 2011). At the same time, the probability of an increasing work efficiency is higher, i.e. less clarification of rules will be necessary (e.g. Staples and Webster 2008), which can lead to a better organizational efficiency.

3. Assessing organizational frame conditions for maintaining and supporting the workability of employees over time.

For saving and reproducing human resources, it is necessary that guidelines of Ergonomics and Human Factors are followed. Therefore, existing evaluation instruments of Ergonomics and/or Human Factors can be used. These factors refer not only to physical working conditions (mainly ergonomic assessment of working systems), but also psychological approaches, for example assessments of working systems according to their support for individual learning processes, personnel development (individual potential analysis) or ensuring mental health (e. g. health promotion, work-life balance). The fit between individual task and the employee's abilities has additionally to be considered. Otherwise, a work overload or too few demands can result in motivational or/and physical shortfalls.

4. Additional assessment of social capital and social capital-related skills.

As mentioned above, the existence of social capital can support the creation of human capital. Human capital can include issues that foster social capital. Therefore, an HC measurement must contain a measurement of specific human skills which positively influence social capital. So at first, social capital has to be calculated with its structural components (relationship/ network-based), relational one (trust, norms, expectancies, identification) (e.g. Riemer and Klein 2008; van Deth 2003) and possibly cognitive issues (common language, common and mutual known knowledge, common mental models, group memory, Riemer and Klein 2008). In a further step, individual skills which foster social capital have to be identified. In the end, social capital and social capital-related skills can facilitate the preservation and development of human resources and achieving organizational objectives. For example, strongly interlinked employees with high trust, similar norms, languages and mental models are able to unite several competencies, i.e. skills for protection the environment or health-related behaviour. At the same time, employees probably cooperate more effectively for reaching organizational sustainability goals. Social support is more likely. But supportive circumstances are also important (i.e. trustful, cooperative working structures).

5. Assessment of Stakeholder requirements.

In contrast to just a strategic HRM, the explicit involvement of stakeholders is a main part of Sustainable HRM. Human resources should not only contribute to organizational objectives, but also address stakeholder requirements because the idea of sustainability is not only to satisfy one's own needs (organizational one in this context), but also to satisfy the needs' of other groups in the present and future. Similarly no one should economize at the expense of others (mainly normative understanding). Therefore a (regular) assessment of stakeholders and their concerns is primarily necessary. Individual skills also have to reflect the ability to satisfy crucial stakeholder requirements. This requires an analysis of stakeholders and their interests ranked by their importance. In a second step, skills required have to be deduced from these interests. For instance, customers' concerns should not only be satisfied by excellent products or services, but also by employees' behavior or skills (one part of HC). For example, according to the stakeholder society that has an interest in a clean environment without pollution caused by an organization. Therefore, organization's employees have to know clean technology or methods of production. Another example is the prohibition of child labor in the supply chain. In that context, employees have to know how to identify these problems. The examples demonstrate the difficulty that interests of stakeholders sometimes get in conflict. An effective assessment should also include stakeholders' opinions because this shows how well their requirements are fulfilled.

6. Measuring human potential as a periodical regular process in existing organizational structures as a contribution to continuous improvement.

The deduction of organizational actions to enhance the HR base and achieve strategic objectives needs the management of means of measuring HC and has to be understood as a continuous improvement process with adequate feedback control systems. This includes a periodical alignment with the organizational (sustainability) strategy. In this context, a critical point is the participation of employees. Employees have to understand the significance of all regular surveys and the processes which they form a part (e.g. Zink and Thul 2006). A second requirement for a measurement system is its integration into existing structures and processes. For example, an already established periodic survey does not have to be abandoned (if it is functional and useful), but can be extended by HC-relevant measures. Existing management systems with some adaption can also be used. For example 'Excellence Models' could be re-defined with factors such as enablers and results.

In the following figure, a first approach for an integrative measurement framework of human capital is summarized.

4 Summary and Practical Implications

The arguments and discussion at the beginning of this chapter pointed out links between capital in a non-monetary form and capital's connection to the employees' contribution to organizational competitiveness. An overview of respective definitions was given which reflected three components considering important measurements of human capital: (1) individual social, professional and methodical skills in the organization, (2) their usefulness for the organization's goals and the measurement of organizational context of conditions and (3) appropriate parameters to facilitate the use of the individual skills for the organization (including individual parameters. e.g. individual health and motivation). The conjunction of the two concepts '*human capital*' and '*human resource*' and the coherency of human capital, human resource and the goal of Sustainable HRM have been discussed arguing that human resources provide the source from which human capital can be built.

Organizations which aim to "be a sustainable organization" need a Sustainable HRM with an approriate indicator system. Approaches of human capital measurement can serve as a set of indicators for the success of Sustainable HRM and as a pointer to specific actions for designing a Sustainable HRM through assessment indicators. Two exemplary measurement approaches (Saarbruecken Formula and HPI) of human capital were analyzed how they can be adopted for a Sustainable HRM. A main result was the finding that an adequate measurement of a Sustainable HRM additionally has to integrate measurements of supportive circumstances for developing human capital (human potential) and the opinion of stakeholders. The indicator-based instrument could give valuable hints, but had to be extended. A final measurement framework has shown a recommendation for such a comprehensive improvement. It can be understood as an assessment of human *potential* (not only of human *capital*) which means an evaluation of optimal conditions to generate human capital. Some challenges for a practical implementation and further scientific work can be undertaken:

In a practical manner, a full assessment of human potential in a way which has been proposed (Fig. 4) results in a comprehensive survey. That means not only a mass of data, but also participation by large numbers of survey participants and executers. A well-planned and structured measurement over time will be necessary. Further the integration into existing management systems, which possibly have to be changed in some parts, can be a challenge because of their complexity and "confirmed habit". Therefore early participation by employees is recommended to overcome these challenges.

Further scientific work, especially exploring causal effects still has to be verified. Which HC-beneficial actions cause financial and non-financial effects (higher shareholder value, motivation)? Which resources are "really" useful for reaching organizational goals and sustainability and in which way? Do supposed skills really reflect stakeholders' requirements? Another field of action is proposed i.e. the reciprocal effect. For example, financial and non-financial outcomes can influence HC components of measurement. Therefore, the reciprocal effects make it difficult to find causal effects especially because outcomes can be a part of the measurement components, for example motivational factors. Further research on this topic will be necessary.

A very important point has to be mentioned in addition. Sustainability as a concept is composed of three dimensions (see Elkington 1998) as a social, an economic and an ecological one, should be integrated to its whole extent (see also chapter "Sustainability and HRM" of this book). Whereas the link between Sustainable HRM and the human capital approach, so far, is mainly concentrated on the economic and social perspective ecological aspects should also be considered. For example, in which qualitative and quantitative aspects can ecological oriented behavior be found- not only shown by employees, but also in actions and processes conducted by the HRM department? Are there any training programs to teach employees resource-saving behavior? Do training concepts follow sustainability guidelines?

Finally, HC assessment and Sustainable HRM can definitely enrich each other: Human capital assessment can provide a useful measurement and indicator system that can assist Sustainable HRM by giving useful information as an iterative feedback system. But HC has to integrate adequate sustainability indicators provided by different thematic fields, e.g. environmental factors as well as individual and stakeholders' aspects. So, HC assessment has to be enriched by such factors to be really useful for Sustainable HRM. Reciprocally, Sustainable HRM already suggests developed concepts and hints for designing the organization and its systems. Thus, a human capital measurement can reflect these factors and issues in corresponding parameters. A continuous system of sustainable reporting which already exists in many organizations has to reflect these indicators. Finally, both concepts can create synergies to serve the organization and the individual as well as the wider society.

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Enterprise Sustainability and HRM in Small and Medium-Sized Enterprises

A Decent Work Perspective

Nathalie Hirsig, Nikolai Rogovsky, and Michael Elkin

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Abstract This chapter looks at the specific challenges, expectations and opportunities small medium-sized enterprises in emerging countries face regarding enterprise sustainability in today's worldwide economy characterized by the strong interconnection of supply chains. In its experience with small enterprises development in emerging countries, the International Labour Organization (ILO) has recognized that quality human resource management (HRM) and good workplace practices are a key determinant of enterprise performance and productivity, as well

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as in practice at the community, national or even international level. Based on the ILO's Decent Work Agenda (ILO, Decent work, report of the ILO Director-General, 87th session of the International Labour Conference. ILO, Geneva, 1999), the Declaration on Fundamental Principles and Rights at Work (Declaration on Fundamental Principles and Rights at Work. ILO, Geneva, 1998) and the technical cooperation experience of ILO's Job Creation and Enterprise Development Department, the HRM practices described here are intended to improve enterprise sustainability, understood in its economic, social, and environmental dimensions. Practical examples from the ILO's practice demonstrate the implementation of labour rights in SMEs in emerging countries.

1 Introduction

The business environment has seen significant changes taking place worldwide since the middle 1980s. Throughout the world, a general shift towards more market-based economies has been occurring, with a trend of public sector reforms and a balance between the role of the state, of the society and of the market. Private enterprises are assuming a more dominant presence in national economies, and Small and Medium-Sized Enterprises (SMEs), which are the main focus of this Chapter, are increasingly participating in the global value chains and production-distribution systems that span the various regions of the world. In many countries, SMEs account for up to 95 % of enterprises and are responsible for most existing and new jobs, as well of a substantial portion of GDP. SMEs tend to be both more flexible and more vulnerable, thus the rate of job creation and job losses are to our experience significantly higher among SMEs than among large enterprises.

Not only are enterprises expected to generate wealth for their shareholders and owners (economic sustainability), but they are also more and more expected to make a greater contribution to the quality of life improvement of a wide range of groups in society, including many who traditionally have been excluded from economic activity. Without minimizing their core function of wealth creation that underpins economic growth and development, enterprises are now looked upon to play greater roles in social and ecological spheres (social and ecological sustainability).

It is a challenge for SMEs to combine economic, social and ecological sustainability, i.e. to provide decent working conditions and socially and environmentally responsible practices while thriving and growing under intense competitive pressures from domestic and international competition. At the management level, SMEs are expected to introduce principles of sustainable operations under similar competitive conditions as multinational enterprises (MNEs), but do not have comparatively the same resources available to finance their businesses. As an indicator of this mismatch, a study commissioned by the U.S. Small Business Administration concluded that the per employee costs of compliance with environmental regulations costs 364 % more in small firms than in large firms (Crain 2005).

This chapter aims at looking at how enterprises are addressing and balancing both traditional and new economic, social, and environmental challenges. The chapter starts with a brief overview of such challenges expressed, explicitly or implicitly, by various groups of enterprise stakeholders. We assume that these challenges can be met only by a sustainable enterprise, characterized by decent working conditions, responsible policies and practices of HRM and corporate social and environmental responsibility – at least if companies act in awareness of their reputation in terms of social and ecological impact and if they are willing to control it. Today, the risk of reputation loss is an issue that should not be underestimated by businesses, as media reporting and the sharing of information are facilitated by new technologies. Even in the banking sector, there is more and more consciousness about sustainability and trends to invest in a sustainable manner (see for example, UN PRI – United Nations Principles for Responsible Investment). This is why these elements of a sustainable enterprise, on the social, environmental and economic level, are discussed here. The chapter mainly focuses on practical examples and illustrations and addresses in particular a practitioner audience. The theoretical aspects of enterprises sustainability are discussed elsewhere (see, for example, Buckley et al. 2008) and other chapters in this current book.

This chapter is largely based on the experience of the International Labour Organization (ILO) in promoting sustainable enterprise practices, for example through the Sustaining Competitive and Responsible Enterprises (SCORE) project, supported by the Swiss State Secretariat for Economic Affairs (SECO) and the Norwegian Agency for Development Cooperation (NORAD).[1] SCORE is a project of ILO's Enterprise Development Department, which helps SMEs to grow and create more and better jobs by improving their competitiveness through better quality, productivity and workplace practices. Local associations and business support organizations provide short training sessions for workers and managers followed by enterprise visits and counselling to meet the specific needs of individual enterprises. The program is particularly relevant for enterprises facing internal problems relating to quality, productivity, pollution and waste, workplace health and safety or HRM. The enterprises involved in the SCORE project typically employ up to 250 workers. However, the definition of size and characteristics for an SME varies between countries and sectors.

The concept of '*sustainable enterprise*', as it is understood here, is one which operates a business so as to be viable, grow and earn profit, recognizes the social aspirations of people inside and outside the organization on whom the enterprise depends, as well as of the impacts on the natural environment of its operations and of its products and services. According to our understanding, long-term enterprise sustainability implies that the management of the enterprise is aimed at achieving the three pillars of sustainability: good economic, social and environmental performance (ILO 2007a, p. vii).

[1] More information on the SCORE project is available at www.ilo.org/score.

We consider that *decent work is a* key aspiration of the HRM of a sustainable enterprise because as it is explained below, it provides benefits in the long run for the business. The definition of decent work of the International Labour Organization (ILO) is the following:

> Opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.[2]

2 Challenges Faced by SMEs and the Concept of Sustainable Enterprise

From a macroeconomic perspective and as discussed above, the environment within which an SME is operating is constantly changing. A rapid move towards a greater integration of the world economy is fuelled by a number of distinct yet interdependent forces: the policy decisions by many countries in favour of market liberalization, the free flow of capital, both direct foreign investment and portfolio investment, rapid developments in production and information technology, the advance of global telecommunications, and vast improvements in transport systems.

The forces fuelling globalization are creating new production and market structures. The phenomenon of globalized manufacturing characterized by worldwide commodity and value chains is now widespread. Products or services are produced and distributed by a network of enterprises, each contributing to production and distribution mainly according to their respective relative capabilities. Flexible production processes are increasingly required by dynamic markets where product life can be short and where discerning customers with higher purchasing power and more differentiated and international tastes are demanding much more product variety, quality and value for money.

Thus, in the increasingly globalized economy, the competitiveness of the enterprise requires the ability to constantly take, and defend, the most advantageous position or niche in the rapidly changing market environment. The major determinants of the ability to sell products and services in the national and international markets are no longer primarily relative cost advantages alone. More and more, competitiveness is based on quality, speed, technical superiority, service, and product differentiation. Increasingly also, social and environmental impacts of the sourcing, production-distribution processes utilized and of the use and final disposition of the products are becoming major customer considerations whether to patronize or not a product or service.

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[2] Definition quoted from the ILO Decent Work website at www.ilo.org/global/Themes/Decentwork/lang–en/index.htm.

In the SCORE program in China, we have seen SMEs in manufacturing struggle to retain key employees in a highly competitive labor market. Some of the SMEs operate in light industry and high-voltage electrical equipment manufacturing. It takes several months to train technicians to reach peak proficiency in their jobs. If these employees leave their job to take a new position at a rival factory, the time and financial resources spent on training become unrecoverable expenses. Yet, these factory owners spend very little time developing a corporate culture, which encourages employee engagement and can greatly enhance employees' loyalty to the firm. Systematic and effective HRM practices when implemented in these factories help to reduce absenteeism and employee turnover, which are indicators of employee satisfaction by improving engagement and productivity.

Yet enterprises are differently prepared to face these new challenges. Compared to larger enterprises, SMEs have only limited access to capital. Their governance structure is mostly self-governed and this includes their willingness to be good citizens and comply with national laws, if they can afford it. Having few professional managers means they usually fill the gaps as best as they can, therefore their technical capacity to respond to HRM, occupational health and safety, financial management, tax regulations, marketing, advertising is often very limited. The focus is on immediate issues and impedes the SMEs' ability to reflect on a strategic orientation and the longer term. SMEs usually lack access to best practices within the industry. Also, the cost of complying with labour laws in the worst case can have them cope by avoiding detection, hiding from labour inspectors, tax officials, etc.

While much can be done inside the SME, the surrounding business enabling environment is of utmost importance to the development of a dynamic local economy. Although business law reforms and simplifications of regulations are also important, much can be done inside the SME, which will in turn benefit workers and the local community, and we will focus on this enterprise level in the present chapter.

Recent changes in the global business environment and the consequent network and chain-based structure of production-distribution system of enterprises have increased both the direct and indirect expectations of an enterprise's stakeholders. An illustrative list of challenges for different stakeholders and potential activities on how to add to a sustainable enterprise's performance is given in Table 1.

Clearly, these challenges indicate that increasingly it is not just the enterprise's final outputs, e.g. products and services and financial outcomes that are important to its stakeholders. Equally important are the social and environmental impacts of the processes used in the sourcing of the inputs, in the transformation of these inputs into products and services and of the use and final disposal of the product. To meet these challenges, the SME must have good economic, social and environmental performance, in short, be a sustainable enterprise.

Table 1 illustrates how the challenges faced by SMEs are addressed through sustainable enterprise performance. Sustainable enterprises are productive and competitive, prepared to innovate and to adopt technologies and organizational and business processes that enable them to provide product and services at prices,

Table 1 Challenges faced by SMEs and link to sustainable enterprise's performance

		Challenges met through sustainable enterprise's performance		
Stakeholder	Challenges	Economic	Social	Ecological
Customers	Products and services meeting needs and expectations in terms of quality, price, timeliness, aesthetics, convenience, reliability, etc. Good customer service Safe and healthy products Environment-friendly products and services as well as production-distribution system Socially responsible production-distribution system	Value for money products and services accessible and relevant to different social groups	Safe and healthy products and services produced and delivered in socially responsible ways	Products and services environmentally friendly produced, distributed, used and disposed off
Owners/shareholders	Fair return on investments Surplus for re-investments Good business reputation and public image	Higher return on investments License to operate Fair return relative to risk Management capability Fair regulatory environment	Good enterprise reputation	Good enterprise reputation
Employees	Fair wages and remuneration Decent jobs: productive, remunerative, with healthy and safe conditions in atmosphere of respect and	Remunerative jobs Employment and employability	Decent and good quality jobs	Good working conditions Non polluting and environmentally degrading business operations

	non-discrimination, and fundamental rights respected.			
	Job security and increased employability	Marketable skills		
	Fulfilling jobs with learning and growth opportunities	Responsive Management		
	Non-discrimination and equality			
	Working for "good" company			
Suppliers	Fair trading and business relationships	Stable business relationship	Ethical business trading practices	Environmental friendly purchasing and distributing specifications
	Transparency and openness		Socially responsible practices along the value-chain	
	Partnership relationship			
Distributors	Timely availability of products and services meeting customers' needs and expectations	Stable business relationship	Ethical business trading practices	Environmental friendly purchasing and distributing specifications
	Technical support		Socially responsible practices along the value-chain	
	Fair trade and business practices			
	Partnership relationship			
Competitors	Fair competition practices	Fair competition	Ethical business practices	Environment protection part of competitive strategy
	Compliance with legal and regulatory requirements and other standards			
Local community	Decent jobs creation and sustenance	Jobs	Social development including social and economic empowerment	Clean environment
	Contribution to community well-being	Skills		

(continued)

Table 1 (continued)

Stakeholder	Challenges	Challenges met through sustainable enterprise's performance		
		Economic	Social	Ecological
	Protection and safeguarding of the local environment	Local taxes and revenues	of traditionally marginalized groups	
Local Government	Taxes and revenues Employment Compliance with legal and regulatory environment Contribution to economic development	Tax revenues Employment Economic growth	Social services upgrading capability; compliance with labour and non-discrimination laws	Clean environment
Society at large	Contribution to wellbeing and better quality of life Nurture of the environment Economic development	Economic sustainability	Social sustainability	Ecological sustainability

Source: ITC-ILO 2012, p. 31

quality and timing that meet the expectations of discerning customers. Their business models, systems and processes give due recognition to their human resources as a key source of business success, and so take appropriate steps to bring the best out of these resources (ITC-ILO 2012, p. 32). They see the importance of being good citizens of their local and global communities, contributing to economic and social development as well as ecological well-being. In June 2007, the International Labour Conference discussed the promotion of sustainable enterprises. The conclusions of the discussion (ILO 2007b) emphasized the importance of the ‘triple bottom line’ (Elkington 1997) approach to the enterprise performance. The enterprise is expected to perform well in terms of three dimensions – economic, social and environmental. All three dimensions are closely linked with each other, and the respect of standards in each dimension will enable the SME to reach enhanced product and service quality as well as efficiency, not to speak about better integration at the community, local, national and even international scale into the supply chains.

3 Corporate Social Responsibility to Enhance Social Sustainability of the Sustainable Enterprise

We assume that the sustainable enterprise could be achieved through the combination of three “drivers” at the state, society and enterprise level. On state level, laws and regulations providing a good business-enabling environment for SMEs are necessary. On the society level, social dialogue between the various stakeholders such as government representatives, employers and workers associations, through all kind of negotiations, consultations, or simply information-sharing mechanisms are key to achieving better working conditions. Finally, at the enterprise level itself, the company can promote sustainable management through corporate social responsibility (CSR).

Human resource policies and practices defined and implemented in the spirit of the Decent Work Agenda and the ILO Declaration on Fundamental Principles and Rights at Work (ILO 1998) are integral part of the enterprises’ efforts to improve not only their economic, but also their social and environmental performance. By putting into practice the concept of corporate social responsibility, the enterprise can enhance it social performance (ITC-ILO 2012).

An enterprise is a key constituent of the society. The enterprise is established for producing, distributing and delivering products and services offered to the other members of the society. The enterprise exerts strong influence in the lives of individuals, families, communities (which is particularly important for the SMEs) and other stakeholders affected directly or indirectly by its decisions, operations and other actions. Thus, there is a strong call for business to be more socially responsible in its operations. We translate this expectation on business into a concept of corporate social responsibility (CSR). CSR, as defined by ILO’s

Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (ILO 2006a), is a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values, both in their own internal methods and processes and in their interaction with other actors. CSR is a *voluntary, enterprise-driven* initiative and refers to activities that are considered to exceed compliance with the law (ILO 2006b).

The UN Global Compact is a policy initiative for businesses to commit to sustainable management principles. It relies on ten principles regarding human rights, labour, environment and anti-corruption. As for human rights, the principles are: (1) Businesses should support and respect the protection of internationally proclaimed human rights; and (2) make sure that they are not complicit in human rights abuses. Related to labour issues, (3) Businesses should uphold the freedom and the effective recognition of the right to collective bargaining; (4) the elimination of all forms of forced and compulsory labor; (5) the effective abolition of child labor; and (6) the elimination of discrimination of employment and occupation. Regarding the environment, (7) Businesses should support a precautionary approach to environmental challenges; (8) undertake initiatives to promote greater environmental responsibility; and (9) encourage the development and diffusion of environmentally friendly technologies. Finally, on anti-corruption, (10), businesses should work against corruption in all its forms, including extortion and bribery (UN Global Compact and Business for Social Responsibility 2010, pp. 8–9).

The European Commission defines CSR as “the responsibility of enterprises for their impacts on society” (CEE 2011, p. 2). It must be noted that, in fact, the concept of socially responsible behaviour is a relative concept, i.e. different countries, different social groups, civil society groups and different businesses may have different expectations and apply different standards with respect to various aspects of social responsibility. Thus there cannot be a standard single view and agreements have to be reached through social dialogue and consultations with the enterprises’ stakeholders. As of 2005, the European Union launched a project called “Corporate Social Responsibility in SMEs”. According to this project, a number of benefits can be achieved by fostering SMEs’ competitiveness trough CSR, starting with the improvement in the products and production processes resulting in a better customer satisfaction and loyalty. Furthermore, higher motivation and loyalty of the workers brings more creativity and innovativeness. Also, CSR creates good publicity due to the award of prizes and enhanced word-of-the mouth. Thanks to a better company image, it ensures an enhanced position on the labour market and better networking with business partners and authorities, including better access to public funds. Last but not least, “CSR brings cost savings and increased profitability due to a more efficient deployment of human and production resources, and an increased turnover due to a competitive advantage derived from the above.” (Corporate Social Responsibility in SMEs 2005).

In the beginning, CSR has been a major trend within the MNEs as a result of their international linkages and participation in global value chains; now SMEs are also more and more expected to incorporate at least basic principles of enterprise sustainability.[3] This is not only true for SMEs connected to the international market but also for those whose goods are produced mainly for the domestic market, as even the national competency and the local demands regarding quality management and decent working conditions increase.

Most businesses, including the SMEs, have recognized the importance of CSR either as a reaction from pressures from its stakeholders and the civil society or based on the recognition of the strategic value of CSR. The CSR agenda for the SMEs is largely driven by their necessity to comply with the codes of conduct developed by the multinational companies that guide their own operations as well as those of their suppliers and distributors.[4]

The Inter-American Development Bank (IDB) has also recognized the importance of strengthening corporate social responsibility in small and medium enterprises. Through their family-owned or community-based structure, SMEs often practice a "silent" form of CSR, without even using this name, because they generally lack information on it. The actions they already take in the field of social responsibility can be reinforced by explicitly creating awareness on the benefits of CSR for SMEs. These include "establishing closer links with entities with which they share values, such as business associations and multilateral organizations. [Also, they can] communicate directly with consumers through environmental and social labels, [while at the same time] decrease operation costs through environmental efficiency measures and improve productivity and quality through better management encouraged by CSR"(Cici and Ranghieri 2008, p. 11). As mentioned, a family-owned SME can usually take quick decisions on implementation thanks to its simple structure.

Non-governmental organizations have been organized to promote socially responsible and ethical business practices. These NGOs have developed guidelines and codes that they recommend companies to adopt in the practice and reporting of their CSR performance. For example, the Global Reporting Initiative is a broad coalition of NGOs. SA8000, a social accounting system, was developed by an NGO. Fair trade and labelling is being promoted by coalitions of NGOs established precisely to pursue the cause of fair trade between developing and developed economies.

The Business Social Compliance Initiative (BSCI, launched in 2003) is a broad, business-driven platform which mission is to improve working conditions in the global supply chain. Companies register and commit themselves to implement the BSCI Code of Conduct, based on the ILO's principal Conventions and Recommendations protecting workers' rights. These include freedom of association and the right to collective bargaining, prohibition of all forms of discrimination, payment of legal minimum wages, no excessive working hours, health and safety at the workplace, prohibition of child labour, prohibition of forced labour and disciplinary measures, respect of environmental issues, implementation of social

[3] See www.csr-in-smes.eu.

[4] Ibid.

accountability policies and the establishment of an anti-bribery and anti-corruption policy. Several external audits then determine if the company is in compliance with the Code of Conduct (BSCI 2003).

4 Environmental Management to Enhance Ecological Sustainability of the Sustainable Enterprise

Another hallmark of a sustainable enterprise is its stewardship of the environment. A sustainable enterprise is expected by its stakeholders to safeguard and nurture the physical environment while it pursues its business interests. For example, a total of $155 billion was invested in companies and projects globally in sustainable energy in 2008; it is a more than fourfold increase on the amount for 2004 (UNEP 2009).

A business enterprise is, at foundation, a sourcing-production-distribution system. It takes in inputs of labour, equipment, money, materials, utilities, energy transforming them into products and services, which it distributes to the end users through distributors and retailers. Its customers use the products or services during their economic life, finally re-selling or disposing of them. All through this process, from extraction of raw materials to final disposal of the products, the enterprise and its supply and distribution chains interact with the physical environment, often in ways that are damaging and degrading the environment. Some examples of the negative environmental impacts of an enterprise are presented in Box 1.

Box 1 Environmental Impacts

	Environmental impacts
Inputs	Depletion of the natural resource; deforestation, destruction of the landscape, pollutions generated during the production of the inputs, etc.
Processes	Solid wastes, effluents and emissions, dusts, radiation, heat, noise, etc.
Outputs	Solid wastes and pollutions generated by using the product, non-degradable packaging, high energy consumption, heat, noise, toxic materials, wastes and pollution generated during final disposal, etc.

Source: ITC-ILO 2012, p. 56

The enterprise's impacts on the environment are not all negative though. A tree farming business could result in a sustainable forest. Eco-tourism businesses may help local communities to safeguard and maintain the natural resource that attracts tourists. A rising number of green and climate-friendly projects are up and running or being planned across Africa under the Clean Development Mechanism (CDM) – the main market mechanism of the UN Framework Convention on Climate Change (UNFCCC). The latest CDM update shows that some 112 CDM Africa projects – worth a total of €212 million a year – are at the "validation, requesting registration or registered" stage (UNEP 2010).

To achieve high ecological performance, we assert that an enterprise should understand and manage its impact on the physical environment. Often referred to as environmental management, its aim is to minimize the negative environmental impacts of the enterprise's sourcing-production-distribution and after-sales operations. Just like productivity management and quality management that put productivity and quality consideration as priority concerns of the enterprise, environmental management puts the environmental concerns as a priority key results area of the enterprise. The aim should be to strike a balance: high productivity and quality results with no or reduced negative environmental impacts. The example in Box 2 can illustrate this point.

Box 2 Improving Performance Through Better Environmental Management in China

The ILO project on "CSR (Corporate Social Responsibility) in the Chinese Textile Industry" was run in China in 2009 to build capacity in businesses from developing countries to meet international and national labour and environmental standards and regulations. The company Wujiang Fuhua Weaving Co., Ltd. (Fuhua) deals with the research, development and production of chemical fibre cloth, its printing and dyeing, and the treatment of high-end textile fabrics. While increasing the scale of its business, Fuhua was facing the challenge of balancing its substantial output with environmental sustainability.

The project experts helped Fuhua to see the gaps in their managerial organization and environmental planning. Older equipment like light bulbs, cleaning supplies, leaky valves, exposed steam pipes, and other machines needed updating to improve energy efficiency. There was also excessive noise pollution and heat emission in the workshops. Management's understanding of cleaner production was limited to simple solutions instead of taking an integrated approach and there was a lack of effective support and cooperation from supervisors and managers who misinterpreted the concept of cleaner production as meaning doing sufficient cleaning work and implementing the Kaizen 5S program, rather than taking a forward-thinking environmental strategy. Also the company lacked staff with technical expertise in cleaner production.

After training in cleaner production and environmental management, an environmental management team was established to implement continuous improvement plans. It comprised the deputy general manager (production), senior management, and relevant functional staff and held regular information and co-ordination meetings between relevant departments. Provision was made for every operator entering the workshop to wear protective earplugs. In terms of energy conservation, all lamps in the workshop were replaced by energy-saving luminous tubes, steam valves were equipped with thermal shrouds where necessary, and all leaks in the steam pipes were repaired on a regular basis. A factory-wide education program was run to disseminate

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Box 2 (continued)
knowledge of environmental management and cleaner production. All employees were educated about resource conservation and energy saving in their respective activities.

These actions have achieved monetary, environmental, and efficiency benefits:

- Replacing fluorescent tubes by energy-saving fluorescent tubes has led to electricity savings of 59,000 Yuan every year;
- Waxing shop floors of workshops has increased production rate by 0.26 %;
- Coal consumption dropped from 0.43 to 0.41 tons – efficiency increase of 4.9 %.

Source: ILO, UNIDO, CNTAC (2008)

5 Human and Social Capital as Sources of Enterprise Sustainability

We assert that the most important requirement for enterprise sustainability is economic and financial viability. Such viability, in particular, requires an enterprise to have competent, motivated and dedicated people working together in an atmosphere of mutual respect, trust and confidence, partnership and collaboration which facilitate cooperation and coordination. Sustained productivity improvement depends on the enterprise's human capital (the skills, knowledge, competencies and attitudes that reside in the individual employee) and its social capital (trust and confidence, communication, cooperative working dynamics and interaction, partnership, shared values, teamwork, etc. among these individuals as well as among the different parties the enterprise interacts with in its supply-chain and value-chain, including the local community of their operations). Thus, it is also increasingly being recognized that human and social capital of the enterprise are sources of long term competitive advantage of enterprises (Rogovsky and Sims 2002). New product designs get easily imitated or copied and new technology are easily accessed or bought. It is the unique human capital and work systems and relationships that are much more difficult to copy.

According to our understanding, human capital and social capital of the enterprises are complementary (see also chapter "Corporate Human Capital and Social Sustainability of Human Resources" in this volume). Social capital enables employees and the enterprise's extended network to act together consistently within the relevant competition laws, to create synergies and build teamwork and partnerships. It also sets the context in which human capital can be developed through various learning processes: developing, sharing and transferring, and applying knowledge. It is the foundation on which a learning organization's processes and good knowledge management are built. On the other hand, we consider that human capital helps to produce social capital through competencies and attitudes that enable individuals to participate and build the trust and relationships essential to be able to take part effectively as members of various teams, work groups and other elements of the enterprise's networks.

The building of these unique human and social capitals transcends the traditional boundaries of the enterprises. In an era characterized by production distribution systems based on extensive outsourcing, disaggregated value chains, and alliances and partnerships, the productivity and competitiveness of an enterprise depend on the human and social capital of its extended enterprise system.

From our view, this internal human and social capital which enterprises need for long-term productivity and competitiveness can precisely be achieved by hiring the right people according to non-discriminatory criteria, and irrespective of their sex, ethnic origin, status, health condition or other social characteristics irrelevant to performing the tasks. Furthermore, enabling them through good work organization, work environment and management practices, as well as providing opportunities for continuous training to build and upgrade their knowledge and capabilities through formal and informal learning will be key to developing a corporate culture of mutual trust and confidence. This will in turn hold on to employees by making them feeling more committed, motivated and engaged.

Through good workplace policies and practices the enterprise builds the internal human and social capital essential for sustained productivity improvement. These workplace policies and practices are normally referred to under the name "human resource management (HRM)". In a sustainable enterprise, HRM is based on the core principles such as involvement and participation; labour-management partnership; respect and recognition; equality and non-discrimination; enabling the human resource through good work design and organization; competency and skills development and providing good working conditions; sharing gains; etc. The importance of learning (individual and organizational) experience as well as of the team building and partnership effects in the course of productivity improvement is recognized. Human capital and social capital are the results as well as the source of high-road productivity improvement and good workplace practices (ILO 1999).

6 HRM and Decent Work

As we have argued above, decent working conditions are key to reaching the essential social component of the triple bottom line approach of the sustainable enterprise definition and corporate social responsibility. The ILO's experience with promotion of decent working conditions in SMEs has shown that sustainable enterprise processes and management greatly contributes to improving not only working and living conditions of workers, community, but also enterprise productivity in the long run. We develop this chapter by providing some practical pointers on improving HRM policies and practices of the enterprise in the spirit of decent work. Decent work is characterized by promoting social dialogue, workplace cooperation, developing skills, employee employability, creating a safe working environment, ensuring equality, improving general conditions of work and by respecting human rights at the workplace (ILO 1999).

6.1 Promotion of Social Dialogue and Workplace Cooperation

A key process towards meeting the stakeholders' social concerns and aspirations is social dialogue and workplace cooperation. Both these fundamental assumptions of the sustainable enterprise, which are very cost-saving measures for the SME, completely rely on management's will and ability to create a climate of trust, respect and value within the company. Benefits of workplace cooperation include increased quality and productivity through stronger personal commitment, reduced absenteeism and labour turnover, lower risk of labour disputes, a safer working environment and overall increased job satisfaction. To foster and sustain the process it is important that the enterprise provides labour and management the opportunity, environment and mechanisms for social dialogue and workplace cooperation, by developing their capabilities and competencies to engage in the process by providing them with the information, knowledge, skills and tools needed for effective dialogue and cooperation.

According to our experience, workplace cooperation can best be achieved through sowing a culture of open and proactive communication, information-sharing, trust and respect within the enterprise. Once employees feel that their rights are respected and that they are trusted as persons, they will be more committed to the company and willing to take personal care on how to improve working processes. Management can put into place employee suggestion schemes (ESS), and workers will participate without being afraid of raising ideas on how to improve operations, if they are recognized and rewarded for inputs and not penalized for critical suggestions. ESS, such as suggestion boxes or whiteboards, are simple and cheap mechanisms to implement and can significantly improve the quality of the product or service offered, assuming the fact that employees being closest to the production best see where defects or weaknesses occur in the process. Apart from ESS, daily meetings between workers and supervisors provide an opportunity to resolve problems on the spot.

The promotion of social dialogue can be fostered by management's willingness to have an open dialogue with trade unions and employers' associations. For management, the cost of non-compliance with labour laws could potentially be higher in the long run than taking active steps to consider solving labour issues directly with workers (or with trade unions). These costs could manifest themselves in lost productivity due to worker injury, increases in absenteeism from undue stress on workers or even highly disruptive wildcat strikes. Also, the price in terms of potential loss of good reputation due to non-compliance with labour laws can be very high (see, for example, Robertson et al. 2011).

The impact of the practice of workplace cooperation in the enterprise can be illustrated with an example in Box 3. This case is based on the experience of the ILO SCORE project (see above), and shows that enterprise productivity rises when employees as well as management start to feel that they are all part of the same team.

Box 3 Workplace Cooperation and Cleaner Production Implemented at Laksana, Indonesia

It is now a different working environment at PT Laksana Teknik Makmur, an auto-part and car accessories company employing 150 workers and located in Jakarta, Indonesia. The working atmosphere is friendly and all colleagues greet each other by first name. Workers are respected by management, regularly consulted and motivated to contribute their ideas. The working spaces are tidy and clean. There are no more paint particles, no more auto-parts and equipment scattered around. Defect rates have decreased from 5 % to 2 % within 3 months.

"In the past, we never knew about the process of workplace cooperation" says H. Suwarno, Director of PT Laksana Teknik Makmur. "We never considered it important to engage and consult with workers. Before, they had no understanding of the company's targets and didn't take responsibility, while management did not understand the needs and concerns of workers. Now, it has changed. We do communicate better, we build trust and this boosts our productivity," he explains.

The changes benefited the enterprise and the workforce. The employees say that the changes in their working environment have made their tasks easier, faster and more effective. "We are now able to locate the correct items quickly, calculate the amount of goods easily and control the inventory effectively," says Agung Nugroho, one of the employees. "We used to paint outside without any protection which made the paint contaminate the surrounding environment and also damaged workers' health. We now do the painting in the spray-booth so that it is safe for the environment and also for the workers," Suwarno adds.

PT Laksana Teknik Makmur changed after the enterprise participated in ILO's SCORE training and applied the principles of workplace cooperation and cleaner production. Many other enterprises all over the world have participated in the training, changed and improved their productivity and working conditions. One of the major reasons why this and other enterprises would like to change are the growing expectations of the big companies (in particular, the MNEs), which, in turn, are driven by the stakeholders' expectations (see Table 1).

Source: ILO SCORE.

6.2 Development of Skills and Employability

Sustainable enterprises view skilled human resources as a major resource and consider employees as both assets and agents of change. To develop and sustain the high level of competence of this most important asset, the enterprise must integrate human resource development in its business strategy. This includes investing in the training of workers and managers, promoting a culture of lifelong learning and innovation, and encouraging workplace learning and sharing of knowledge. We assert that it is key to ensuring that there is no discrimination in enterprise-level HR policies and training provided, ensuring equal treatment of men and women in developing their skills, competencies and productivity.

On-the-job trainings and the free flow of information are very cost-saving approaches to implement within the enterprise. By encouraging employees to perform diverse tasks and not just to specialise in a single one, they will be able to gain a better understanding of the enterprise's processes, operations and goals, which will result in a higher job motivation and boost innovation. Management also greatly benefits from this "job rotation", as it will save training costs in case an employee gets sick or leaves the company. If resources allow it, it is equally or more important for the enterprise to invest in continuous training and education for the workforce than in infrastructure and equipment.

6.3 Creating a Safe Working Environment

According to ILO and further international standards (see above), the employees of an enterprise, both workers and managers alike, must be provided a safe and healthy environment. Such a working environment not only meets a basic human requirement, but is also conducive to productive and quality work. It reflects the enterprise's concern for the welfare and well-being of its human resource. People respond to this with greater identification with the enterprise and thus with increased willingness and commitment to contribute better to improvement of its economic and environmental performance. The sustainable enterprise might therefore benefit from creating safe and healthy workplaces.

The active prevention of accidents inside the enterprise protects employees' health and represents a key component of savings for the SME. One very practical step towards creating a safe working environment as well as stimulating workplace cooperation is to start implementing the Kaizen 5S improvement circle (ITC-ILO 2012). This best practice originated in Japanese companies and is based on five concepts all starting with the "S" letter, translated in English to Sort, Set in order, Sweep, Standardize and Self-discipline. Sort stands for distinguishing the necessary items from the unnecessary and eliminating unnecessary items that have accumulated. Set in order means arranging necessary items in good order. By Sweeping, work areas and equipment are thoroughly cleaned. Standardize is to continually and repeatedly maintain organization neatness and cleaning. Finally, Self-discipline stands for doing things spontaneously without being told or ordered to do so. This Kaizen continuous improvement circle is repeated over and over again. According to our experience, visual measurement can accompany this process and significantly increase employee motivation. By taking before and after pictures of the implementation start of the Kaizen continuous improvement, one can visually measure the improvements already achieved.

Occupational safety and health (OSH) can be improved by developing and implementing, through the process of social dialogue, a policy, programmes and mechanisms to ensure a safe working environment, e.g., establishing a standing joint committee on workplace health and safety. Also, hazard elimination should constantly be undertaken and adequate safeguards and safety equipment must be provided to the employees. Employees must receive adequate training and incentives to ensure that the safety policies, programmes and regulations are substantively complied with, and that protective equipment is worn. Also, important information and instructions should be posted in conspicuous places. Health and safety policies and programmes should be periodically reviewed and updated in light of new knowledge and advances in scientific research.

Not only should the enterprise respect the right of workers to refuse to return to work if they have a legitimate fear for their health or safety, but good OSH practices can help improve workplace productivity by reducing accidents (see, for example, ILO 2007a, p. 156). In many industrial clusters, there is a shortage of skilled workers and it can take several months to train workers to be productive on specialized machinery. When these workers experience a serious injury that forces them to be absent from the workplace for an extended period of time, they cannot easily be replaced and their factory suffers a marked decline in productivity. The enterprise sustainability therefore requires continuous on- and off-the-job training, and the use of such work organization tools as job rotation, job enlargement and job enrichment. An example of improved occupational safety and health can be found in Box 4.

Box 4 Better Occupational Safety and Health Through Paint Safety in Vietnam

The ILO project Factory Improvement Programme (FIP) was the predecessor of the SCORE (Sustaining Competitive and Responsible Enterprises) project.

Factory A is a Vietnamese state-owned enterprise that produces electrical motors. Before the company participated in the FIP programme, a number of paint-related occupational safety and health hazards were present. These included paint, petrol, oil, plastic wire, carton box, carton labels and a broad variety of inflammable materials stored next to each other with no warning signs or instructions being posted. Workers were only wearing thin cotton masks during the painting work. Personal protective equipment was

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Box 4 (continued)
not properly cleaned and maintained. Also, breaks were spent close to the painting station and drinking water was exposed to paint and fumes.

Following recommendations made by the FIP team, the company took a series of actions. Detailed health and safety checklist procedures were introduced on every work floor. Management provided OSH training to workers with specific attention on safe use of chemicals and toxics. Workers were requested to wear protective masks at all times when working with paint and other toxics. All chemicals were relocated to a new and separate storage room and appropriate signs were posted. Further, a new ventilation system was installed on all work floors. Drinking water was stored in locations where it could not be exposed to chemicals. Moreover, a new time policy was implemented to prevent any worker from being exposed to paint and other toxics for more than two continuous hours.

As a result, the factory was able to reduce the working hours for workers exposed to toxics without reducing productivity and with little reduction of workers' salaries. Mr Do Vinh Hoa, Quality Management Manager, said: "We have conducted research on productivity of our painters after they started working 7 h instead of 8 h/day. The salaries of painters remain nearly the same, but their exposure to chemicals has been reduced."

Source: ILO 2006c.

6.4 Ensuring Equality of Treatment and Non-discrimination

Sustainable enterprise human resources practices include active promotion of fundamental rights at work and international labour standards such as equality of treatment and non-discrimination because discriminating practices and lack of equal opportunities clearly have a negative impact on the enterprise performance (Rogovsky and Sims 2002, pp. 28–30; Perotin and Robinson 2000). This is why enterprises should eliminate any form of discrimination that has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation; and ensure that differentials in remuneration packages are based only on merit and responsibility, and not on discriminatory factors.

Practical steps to ensure non-discrimination at the workplace include adopting an explicit policy of non-discrimination and equality of opportunity setting out the shared values, expected behaviour and practical measures involved. Following the international standards (see above), management should not base decisions concerning selection of employees or apprentices, promotion, transfer or dismissal on any of the following criteria: race, colour, sex, religion, political opinion, nationality, social origin, or marital or family status, nor discriminate against other categories of workers, such as HIV-positive employees (Ibid). Further, and in cooperation with workers' organizations, management must take active measures to eradicate de facto discrimination at every level, e.g., providing training to all workers on the importance of eliminating discrimination in the workplace and raising awareness of subtle forms of discrimination which may not be consciously intended but still adversely affect some workers. For example, management can take active measures to include policies such as flexible work arrangements to accommodate varying needs of groups stemming from reasons of religion, disabilities or family responsibilities, among others. In addition, it is critical to ensure that even apparently neutral criteria are not used to disadvantage workers in assignments and promotions, and to make sure that inherent requirements of the job would not automatically disqualify a particular category of worker. Finally, management must make sure that remuneration and terms and conditions of employment are not influenced by race, colour, sex, religion, political opinion, nationality, or social origin and that no harassment is happening at the workplace.

The promotion of non-discrimination and equality of treatment does not translate into the negation of diversity. On the contrary: the sustainable enterprise does not only ensure non-discrimination, but goes one step further and encourages diversity within its workforce. Best practices show that in a working environment characterized by open communication, mutual trust, respect and esteem, teams composed of people with different age, sex, ethnicity, religion, health status or special needs are more creative and innovative, increasing enterprise productivity.

6.5 Improving General Conditions of Work: Working Time, Holidays and Minimum Wages

Sustainable enterprises adequately address the physical, emotional and social requisites of their employees for their well-being. As employees are so important for an enterprises' continuous success, we assert that work design, working time arrangements, leaves and days off, remuneration arrangements, etc. should comply with national labour regulations, provide the rest and recuperation needed and take into consideration the special arrangement required by family concerns and special groups while at the same time meeting the needs of the enterprise. A variety of studies have documented that excessive overtime can increase the risk of injuries, and create excessive stress for workers (see, for example, Seo 2011, pp. 11–13), resulting in a loss of productivity and added costs for the enterprise due to sick leaves for example.

Therefore, the company should ensure that employees are able to get a sufficient amount of rest between shifts; that total weekly hours are kept within reasonable limits and overtime is compensated both financially and with additional periods of rest; and that workers are given a minimum period of annual leave to recuperate and spend time with family, friends and community.

In addition, measures that facilitate a balance between work and family concerns should be put in place, fully taking into consideration that these family-friendly practices meet the needs of the enterprise whilst meeting those of its staff (various practical examples of measures can be found in Hein 2005). Further, working time policies should not be undermined by the practice of offering low wages and overtime payments, which effectively force workers to accept longer hours of work. As well, remuneration (wages, social security benefits, in-kind benefits, etc.) should be sufficient for workers to meet the basic needs of their families, but without risking the financial viability of the enterprise.

6.6 Taking Active Measures to Ensure Production and Supply Chains Do Not Involve Child Labour or Forced Labour

According to the Global Compact and the international labour standards, forced labour and child labour are not only contrary to sustainability but also have legal implications (UN Global Compact and Business for Social Responsibility 2010, ILO Declaration on Fundamental Principles and Rights at Work). Forced labour (including abduction, bonded labour and indentured servitude) violates the fundamental principle of liberty and human dignity. Child labour robs a young person of the chance to obtain an education and to choose an occupation later in life. The worst forms of child labour threaten the child's life, physical development, and/or moral well-being.

Enterprises taking practical and active measures to eliminate child labour and forced labour should adopt a clear policy to not use or support child or forced labour in any form. In addition, they should constantly review their practices that may indirectly contribute to child labour, such as payment of extremely low wages for subcontracted piecework performed at home that creates strong incentives for parents to rely on child labour. Further, management must take adequate steps to ensure that any product of child or forced labour does not end up in any part of their supply chain; this includes entering into agreements with suppliers and the periodic monitoring to ensure compliance with agreements. If appropriate, the enterprise can participate in voluntary labelling schemes, such as The Code against commercial sexual exploitation of children (The Code 2011). Finally, and to the extent possible, the enterprise can take proactive steps to assist the community in combating child labour, such as contributing to funding of nearby schools.

7 Effects on Enterprise Performance

Most available studies (see Box 5) show that the best productivity and business improvement results are achieved when good workplace (decent work) practices are applied in a consistent and integrated manner and when they are used in "bundles" of mutually supportive and re-enforcing practices. Individually applied, their effectiveness may be limited or even be counter-productive. Also, their effectiveness is dependent on and contingent to the enterprise's culture, history and current situation. While properly applied, these practices have been found to lead to better enterprise performance (see Box 5).

Box 5 HRM and Enterprise Performance

A study of 138 South Korean firms (40 locally owned, 41 subsidiaries and joint ventures of American firms, 42 European subsidiaries and joint ventures and 15 Japanese subsidiaries and joint ventures) conducted by Bae and Lawler (2000) found that strong positive links exist between high involvement HRM strategies (high employee participation, extensive training programme and broad job design) and firms' competitive advantage (product differentiation and speed) as well as over-all business performance (Return on Invested Capital).

Comparing the performance of 58 companies identified as the best companies to work for in the USA and 85 companies belonging to the Standard and Poor's top 100 companies, Lau and May (1998) found statistical evidence of the win-win hypothesis: companies supporting a high quality of work life for employees can also enjoy exceptional growth and profitability. Their findings suggest that a proper alignment of management philosophy, business strategy, and human resource policies can actually benefit all key stakeholders of the enterprise. The findings of this study was further supported by the findings of a follow-up study conducted by May, Lau and Johnson (1999).

Vandenberg et al. (1999), in a study involving 3,570 employees of 49 life insurance companies found that quality job (characterized by good job design that makes jobs more meaningful, provides employee with control to adapt to changing environment, provides adequate feedback, and incentive schemes at different levels, training opportunities, information sharing, and flexibility to provide balance between job and family requirements) is positively related to the Return on Equity.

Using data from 968 firms drawn from 12,000 publicly held US companies, Huselid (1995) found a strong correlation between high performance work practices (practices that builds employees' knowledge, skills and abilities, participation, information sharing, rewards and compensation systems that recognize and reward performance, etc.) and decline in employee turnover, productivity and corporate financial performance. The returns on investments in high performance working practices were substantial. A one standard deviation increase in use of such practices was associated with a 7.05 % decrease in employee turnover and, on a per employee basis, \$27,044 more in sales and \$18,641 and \$3,814 more in market value and profits, respectively.

Importantly, collective bargaining over wages and other conditions of work can have a significant and positive impact on the welfare of workers and the relations between owners, managers and workers. Collective bargaining can create positive environments for negotiation of wages and help engage workers in efforts to improve workplace safety and productivity. A study conducted by the ILO (Hayter and Weinberg 2011) shows how collective bargaining can have an important role in reducing the gap between improvements in productivity and increases in wages. Robust collective bargaining environments may be an important mechanism to help ensure that the gains achieved from improvements in productivity at the firm level are shared equally with workers and owners, alike, therefore avoiding negative industrial relations and disruptive labour disputes.

8 Conclusions

Social dialogue between government representatives, employers' and workers' associations has improved in various countries. While these are important steps, more could be done to enhance enterprises' productivity through sustainable enterprises and to strengthen labour markets at the local level.

Indeed, we have seen that enterprise sustainability can be achieved through the combination of three ways, namely better laws and regulations for SMEs, enhanced social dialogue and corporate social responsibility. As the main economic force and the largest share of employers of emerging markets and developing countries, SMEs are expected to make a significant contribution to these steps. As we have seen, principles of sustainable enterprise and decent work are being more and more implemented in small companies, thus clearly setting a trend towards socially responsible SMEs. A sustainable enterprise builds on three pillars: good social, environmental and economic performance, whereas it acknowledges its human resource to be the most valuable factor for innovation and creativity, that further translates into increased productivity.

Why is that so? Low level advantages over competitors, such as raw materials, techniques or low labour costs can easily be copied and acquired by others, while higher level comparative advantages resulting from product or service differentiation by unique organizational processes and brand reputation are decisive and more durable when it comes to create added value. These advantages can be achieved by the SME through good social, environmental and economic performance.

The responsible management of environmental resources, the recognition of human capital as a major source of enterprise and productivity, as well as the implementation of good HRM are in our view determinant factors of enterprise sustainability (and success).

Indeed, especially HRM practices implemented in the spirit of decent work, such as the promotion of social dialogue and workplace cooperation, the development of skills and employability, the creation of a safe working environment, the equality of treatment and non-discrimination, the improvement of general conditions of work (working time, holidays, minimum wages), as well as the prohibition of child labour, all together set the stage for enterprise sustainability and improved productivity.

The human resource management of a sustainable enterprise relies on workplace practices that encourage shared values and mutual trust between employees and managers, initiative, self-management, commitment-building, continuous learning and skills upgrading. In these best practices, the transparent sharing of information is key.

Thus continuous investment in human resource development and collaborative workplace practices will allow employees to play a significant role in the upgrading of the value-chain and bring sustainable productivity. To sum up, one enterprise's capacity to innovate depends stronger on its organization and the way employees are managed than on investments in technology or infrastructure alone. The way the SMEs face the challenges and opportunities regarding sustainable enterprise practices can make a difference not only for individual workers and employers but also, in an aggregated sense, for the global economy.

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Part III
The Role of HRM in Developing Sustainable HRM Systems

Striking a Balance Between Work Effort and Resource Regeneration

Vitality as a Sustainable Performance Concept

Luc Dorenbosch

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Perpetuum Mobile: The desire to develop a system of Perpetual Motion is an old quest which according to the laws of physics is one of the impossibilities of nature. Perpetual motion implies that continuously more new energy is created than the amount of energy that is invested in the actual motion. For physicists this is an infeasible phenomenon (business economists might just call the phenomena profit). Nevertheless, for ages, scientists have sought to mechanically generate this "free" energy in experiments with so-called perpetua mobilia. However, it was not until 1996 that the Norwegian polymath Reidar Finsrud actually did manage to build a device that keeps an iron ball in ongoing motion – although theoretical physicists are still skeptical of the basis of this device. Time will, literally, tell who is right.

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Abstract In this chapter an individual mechanism of *sustainable* work performance as opposed to *high* work performance is explored – theoretically and empirically. It is stated that sustainable work performance is a joint function of high resource levels (energy, time and competences) and the allocation of resources which also allows for resource regeneration. Building on Conservation of Resource theory (COR; Hobfoll, 1989) and proactive work behavior literature (cf. Parker et al. 2006) the notion of employee vitality is discussed as a representation of the dynamic interplay between employee vigor and proactivity. An important feature is that high vitality employees can overcome the resource constraints to sustainable work performance over time. They can perform sustainably because high effort expenditure does not drain their resources but is likely to protect and help employees to regenerate them. In order to test some of the assumptions of employee vitality as a sustainable work performance concept, analyses of survey data from nearly 2,000 Dutch employees give empirical support for the assumptions. We close the chapter with an elaboration on employee vitality as a touchstone for Sustainable HRM activities and discuss the role of HRM in providing the right circumstances for employee vitality to occur.

1 Introduction

The challenge of managing human resources sustainably is possibly much like the challenge of building a perpetuum mobile. How can organizations and HRM ensure that employees themselves will "keep the ball rolling" now and in the future? How can – simultaneously – HRM support employees in regenerating their resources and their 'vitality' that they need for continuous work performance without burning themselves out? These questions relate to one of the core issues in this handbook: how can HRM create sustainable economic value for companies or organizations over the long term without destroying natural, social or human capital (e.g., Elkington 1999)?

Managing the work and organizational facets that unleash and support the optimal expenditure of employee energy is a key issue for (human resource) managers in the attainment of team and organizational goals. It is of particular importance in times where individual, team and organizational goals shift towards a more sustainable development in organizations (see chapter "Sustainability and HRM"). In recent years, more and more researchers in the emerging trend towards positive psychology or positive organizational behavior focus on human strengths and optimal functioning rather than on weaknesses and malfunctioning (Seligman and

Csikszentmihalyi 2000). As organizations seek to know if its workforce has what it takes to stay competitive and survive the demands of present day market dynamics, the assessment of those critical employee attributes that could make a competitive difference is an increasing object of practical and academic investigation (Ilgen and Pulakos 1999; Frese and Fay 2001; Sonnentag and Frese 2002). At the same time, organizations and HRM have started to understand that it is not sufficient to be competitive in order to ensure long-term viability (see chapter "Sustainability and HRM") but that there is also a need for resource regeneration and renewal (e.g. health) at the individual employee level.

Focusing on human strength and functioning has led to various conceptualizations and measures for positive psychological constructs that tap the employee's high-performance potential. Notable are, for instance, 'work engagement' (Schaufeli and Bakker 2004), 'thriving at work' (Spreitzer et al. 2005), 'organizational energy' (Kunze and Bruch 2010), 'vigor at work' (Little et al. 2010) or 'zest (for work)' (Peterson et al. 2009). What these constructs have in common is that they all contain an element that specifically focuses on the mental and physical energy that employees individually or as a work group "feel bursting" and are willing to invest in their jobs. Also, all of these constructs have been found to empirically relate to various individual work performance outcomes. For instance, a longitudinal study by Van Veldhoven et al. (2009) among more than 3,000 employees of a large Dutch bank showed that employees with high energy during the day received higher individual performance-ratings by their supervisors in the following year. This suggests that employee energy is a valuable human resource to contemporary organizations.

It is, however, also a vulnerable human resource. Or as Yeo and Neal (2004) put it: a "limited-capacity" resource. People can run out of energy on a daily basis, just like they can run out of energy over a longer period of time. As "high" work performance relies on the energy resources employees invest in their work, performing well can come at the expense of feeling well when with the effort put in the job employee energy gets drained instead of recovered or regenerated (Meijman and Mulder 1998). In the distinction made between *sustainable* work systems and *intensive* work systems the regeneration of resources instead of draining them is already regarded a key difference (Docherty et al. 2002). This difference poses that possessing enough energy resources is necessary to perform highly in the short run, but that this is not a guarantee for sustainable, long-term work performance or for maintaining long-term human sustainability (see also chapters "Sowing Seeds for Sustainability in Work Systems" and "Fostering Corporate Sustainability" in this volume).

Therefore, in this chapter the notion of "sustainable" work performance is explored and contrasted with more elaborated notions of high work performance. What are the differences between these concepts and what are implications for the emerging field of Sustainable HRM? In this chapter we will specifically focus on *employee vitality* as a sustainable work performance concept which is potentially useful for understanding how the dynamic interplay between employee well-being and performance contributes to endurable organizational effectiveness and long-term viability. *Employee vitality*, in this chapter, includes mental energy as well as physical energy.

2 The Building Blocks of Sustainable Work Performance

A key characteristic of sustainability is the notion of regeneration (see also chapter "Sowing Seeds for Sustainability in Work Systems"). For the regeneration of human energy resources, recovery or recuperation is regarded as essential. Maintaining high levels of effort expenditure at work requires off-job recovery time and regular psychological detachment from work in order to "undo" the strain reactions after a hard day of work. Full recovery means that employees (once again) have a maximum amount of energy available for the next day, which enables employees to show high performance over a longer period of time. For instance, a recent diary study by Binnewies et al. (2009) finds that employees show higher work performance on days when they had recovered well in the morning than on days when they had recovered poorly. But if full employee recovery is all there is to sustain an energetic high performance workforce, HRM could suffice through the deployment of work leisure activities and sending employees home on time to enable them to have sufficient rest.

However, to the extent that energy expenditure at work is misguided and allocated towards wrong things, then high work performance is likely to suffer. Therefore, Beal et al. (2005) already state that, besides the level of (energy) resources available, performance is a 'joint function of resource *level* and resource *allocation*'. The issue of resource allocation is central to the HRM discipline. It deals with the question of whether resources at the discretion of employees are effectively deployed in the work process and add value to the organization. It is about what people do with their resources, i.e. how they behave. In the high performance work systems literature (HPWSs; Appelbaum et al. 2000) the key behavioral construct that is regarded to intermediate the link between HPWSs and competitive advantage is *discretionary work effort*. Discretionary effort encompasses those aspects of work behavior that employees contribute at their discretion which cannot be easily placed under formal management control and go beyond what is minimally required (Bailey 1993). Appelbaum et al. (2000, p. 26) state that for organizations it is of relevance to get 'employees to apply their creativity and imagination to their work and to exploit their intimate and often unconscious knowledge of the work processes'. However, tensions may arise when employees who choose to engage in this "extra-mile" effort overtax and harm their resources (mental and physical energy) to a point that the employee cannot easily recover their workplace effectiveness (see also chapters "Human-Resources Mindfulness" and "Paradox as a Lens for Theorizing Sustainable HRM").

The dilemma for managing human resources sustainably is clear. Only focusing on the positive psychological well-being and energy levels of employees does not guarantee high work performance. And only focusing on high work performance does not guarantee that the high levels of energy and finally also employee health can be sustained over time. Just as only focusing on the allocation of resources towards discretionary work effort might cause the drainage of energy resources which undermines future high work performance. For high work performance to be sustainable work performance, this chapter argues that expenditure of work effort itself should be sustainable and regenerative and lead to a surplus of new resources ready to be invested. Just like the principles of a *perpetuum mobile*. To understand what sustainable work performance might look like, we first elaborate the concept of *work effort* as an essential building block of work performance. Employees who invest greater effort into their work are likely to increase the possibility that they will contribute organizational labor productivity and competitiveness (Brown and Leigh 1996). However, work effort is an ambiguous term and both hard to define and to measure. In general, work effort is referred to as the level or amount of resources that employees expend in their job (Yeo and Neal 2004). At the same time, a stream of work psychological literature deals with a multitude of work performance concepts that point to desirable work behaviours towards specific performance domains (like organizational citizenship behavior, creativity, innovative work behaviours or personal initiative, for example, for a sustainable development) that employee's can engage in. To clarify the linkage between work effort, resources and contemporary work performance concepts, we distinguish between (1) the amount, (2) the allocation and (3) the type of work effort.

2.1 The Amount of Work Effort

Green (2001) distinguishes between two categories of work effort: 'extensive' and 'intensive' effort. Extensive effort refers to the time spent at work (i.e. the amount of working hours one attends). Meanwhile, intensive effort refers to the intensity of work carried out during that time of work. One could think of the mental and physical energy an employee expends in his work (Brown and Leigh 1996; Blau 1993). The difference between these categories of work effort is that an employee working 8 h could expend less energy than an employee could in 6 h, depending on the "porosity" of the working day. This refers to the extent to which a working day has gaps between tasks during which the body and mind rests (Green 2001). Together, time and energy are considered as basic (human) resources available to employees among whom the investment in work is within the discretion of employees. In addition to the time and energy resources, employees also bring intellectual resources like knowledge, skills and abilities (KSAs) (Kanfer and Ackerman 2004; Green 2001). Based on these three resources, high work effort expenditure would constitute 'high' work performance when employees work long hours in which a maximum of energy is expended while making full use of the employee's intellectual resources. However, from a sustainable work performance perspective, the question is whether and when working long hours with a maximum of energy allows for employee resource regeneration and for maintaining employee health.

2.2 The Allocation of Work Effort

Although a greater investment of time, energy and KSAs is considered to relate to higher work performance, this does not necessarily mean that maximum performance is achieved. Green (2001) states that maximum employee productivity is also affected by organizational efficiency. For example, employees who are motivated to invest their time, energy and KSAs into their job can increase their task performance, but when important aspects of the work organization (e.g., ordering of tasks, communication, problem solving) are inefficient, job performance will not reach optimal levels. In contemporary work settings, increasing the efficiency of internal work processes or procedures are not regarded as sole a responsibility of management. Such efficiency is also associated with the "contextual" employee performance dimension in the widely accepted distinction between task and contextual job performance (Griffin et al. 2000; Sonnentag and Frese 2002). Other than the resources that are expended on formal and in-role core job requirements (task performance), contextual performance refers to non job-specific or extra-role effort which 'does not contribute to the technical core but which support the organizational, social, and psychological environment in which organizational goals are pursued' (Sonnentag and Frese 2002; p. 6). With regard to the effort-work performance relationship, it is likely that high performance would require allocation of resources towards tasks and contextual activities. For sustainable work performance, this raises the question how resources need to be allocated also towards employee regeneration and renewal of resources.

2.3 The Type of Work Effort

Arguing that a high amount or high level of resources directed towards task and contextual domains constitutes the building blocks of high work performance does not specify the type of effort and specific employee behaviours that would be relevant in contemporary organizations. With reference to task performance one could think of putting in either firm-specific skills or knowledge or generic skills (oral, writing or organizing skills) to do a better job. With regard to contextual performance, Sonnentag and Frese (2002) make a distinction between (1) "stabilizing" employee behavior which primarily aims at the smooth functioning of the organization as it is at the present moment and (2) "proactive" work behavior that focuses on self-initiated, future-oriented actions that aims to change and improve the work situation (procedures and processes) or oneself (Crant 2000;

Parker et al. 2006; Frese and Fay 2001). These proactive work behaviours adhere the most to the notion of discretionary work effort as applying creativity and imagination to the work and utilizing the intimate and often unconscious knowledge of the work process (Appelbaum et al. 2000). This view challenges the traditional view of effective employees being "satisfied, committed organizational citizens", while they are not necessarily able to deal with the complexity and continuous changes in contemporary jobs and organizations (Frese and Fay 2001; Parker et al. 2006). Proactive employees would be more effective in modern work situations in which job structures get more ambiguous, more loosely defined and malleable, which leaves little or no structure to which one can adapt (Murphy and Jackson 1999; Parker et al. 1998). It is within these uncertain and complex work situations that an employee's proactive approach to work helps to identify the optimal execution of present tasks and the long-term needs of the organization (see also chapter "Sowing Seeds for Sustainability in Work Systems").

In sum, contemporary research literature brings forth several aspects of work performance as a joint function of *resource level* and *resource allocation*. On the one hand, it deals with the amount or level of resources (time, energy and KSAs) the employee can and is willing to invest. On the other hand, it would matter whether employees allocate resources not only to formal tasks, but also to the work contextual domain in order raise performance levels that are suboptimal due to social or work- organizational inefficiencies. To the degree employees do so proactively is regarded as important when work situations become more complex and ambiguous. Altogether, this section makes clear that high work performance requires higher resource levels and a certain resource allocation. Nevertheless, it is argued that to the extent to which high work performance constitutes sustainable work performance is dependent on sufficient resource regeneration. For work performance to be sustainable, we argue that the allocation of resources itself should allow for resource regeneration, because resource levels are vulnerable to certain constraints that go along with high performance over time. Three of these constraints are discussed in the next section.

3 Resource Constraints to Sustainable Work Performance

With regard to the amount of time, energy and KSAs, as the three important resources, to the employee's discretion, employees can allocate a certain amount of these resources to the task or contextual domain either by spending effort on it, for instance, in-role skill usage, organizational citizenship behaviors or take proactive action towards their work and/or career.

However, time and energy are considered to be "limited-capacity resources" (Yeo and Neal 2004; Hockey 1997), which means that these resources are naturally scarce and constrain individuals in their allocation of time and energy among task and contextual activities. Looking at daily job performance, employees have contractual work hours and incidental overwork hours to expend which competes with the hours spend on their private life and sleeping (Bergeron 2007). The energy an employee can expend competes with physical and psychological costs (e.g., fatigue, exhaustion) that are associated with effort expenditure (Meijman and Mulder 1998). Furthermore, with regard to the investment of KSAs, current knowledge and skills are also limited as they run the risk of becoming obsolete. Especially in contemporary work settings, rapid strategic and technological developments require a constant update of employee skills and knowledge (Sennett 2006). Therefore, the current level of intellectual resources competes with future intellectual requirements. It also needs to be taken into account that from a sustainability perspective, time is a non-regenerative resource but energy and competences are regenerative. We now discuss three resource constraints to the possession and effective allocation of a maximum amount of resources, which might threaten the sustainable work performance over time:

- Time constraints
- Energy constraints
- Competence constraints

3.1 Time Constraints: Tensions Between Task and Contextual Performance

Bergeron (2007) addressed tradeoffs between task and contextual performance as individuals are constrained by time. Bergeron argues: ‘For individuals constrained by time, it is unlikely that they will show both high task performance and contextual performance. Rather, resource allocation forces a choice such that most individuals will focus on one activity at the expense of the other’ (p. 1084). A synthesis of research findings indicate that managers give relatively greater weight to task performance than contextual performance in determining overall performance evaluations, rewards and to lesser extent career advancement. Spending time on contextual performance might be good for the organization but costly for the individual. By choosing to allocate time to contextual activities like helping others or volunteering in extra-role activities, employees do not choose to invest their limited amount of time in task performance. Therefore, employees might risk a loss of personal value because, in comparison to task performance, contextual performance is worth “less” to individual employees. Additionally, in a sample of air traffic controllers, Griffin et al. (2000) found that the difficulty of the job constrains the allocation of effort to contextual performance. They find that a difficult job or assignment requires more of the employee’s attention (e.g. time) directed towards the task performance domain. In sum, for employees to engage in high performance (task *and* contextual performance) they will face certain tensions due to the limitations in the amount of time there is to expend. Contextual performance can be costly to the individual, which might force him/her to allocate effort to task performance at the expense of contextual performance. If an organization is interested in both high task and contextual performance, the question is how employees can be supported in coping with the trade-offs and tensions.

3.2 Energy Constraints: Tensions Between Effort Expenditure and Health

In a similar vein, the allocation of energy to both high task and contextual performance is also constrained. As high employee performance requires a maximum amount of effort, it also requires greater energy investments which bring into play the role the physiological and psychological costs (e.g., fatigue or anxiety) that come with the expenditure of effort (Meijman and Mulder 1998; Fay and Sonnentag 2002). The tension entails that to the extent that maximum performance overtaxes the amount of energy an employee possesses, the maximal amount of energy an employee can expend gets drained and gradually drops over time. Individuals who perform at the maximum while feeling fatigued drain their energy resources to a point that they may experience severe health problems such as high levels of job stress or burnout. The COR-theory (Hobfoll 1989) states that people want to conserve a healthy amount of their physical and psychological resources and react to the energy drainage by lowering their effort expenditure towards only those in-role activities that are minimally expected from them (Bakker et al. 2004). Consequently, this often results in a withdrawal from effort expenditure towards extra-role activities. Over time, when performance demands keep draining employee energy resources, a greater withdrawal (absenteeism) or a total withdrawal from effort expenditure (quitting the job) might follow (Schnake 2007). Hence, energy resources constrain the maximal amount of effort expenditure and can negatively affect contextual and task performance to the extent energy reserves are overtaxed. In order to allow sustainable work performance, the question is therefore, how tensions between effort expenditure and health can be overcome by the employee in the way that he/she will have energy and resources for work performance in the future.

3.3 Competence Constraints: Tensions Between Current and Future Skills

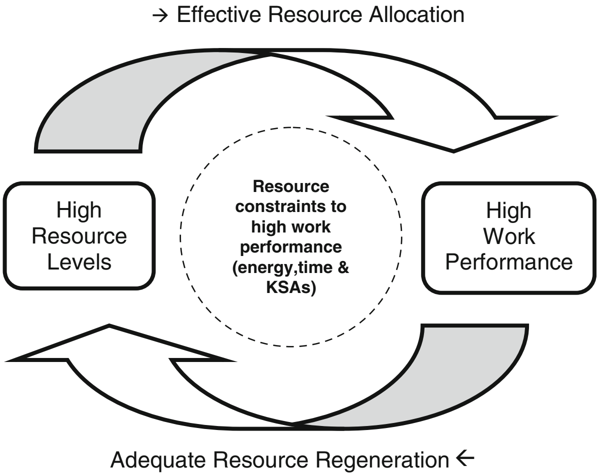
A last constrain to high performance is that a maximum expenditure of competences in the job is no guarantee of endurable high performance. More often, skills and knowledge need continuous updating to match the organizational requirements. Therefore, intellectual resources are less and less stable resources which one can rely on to perform well in the future. Sennett (2006) expresses the tension between current and future employee performance in a phenomenon called the "specter of uselessness", which refers to the continuous threat to employees that their current skills devaluate and will not serve them for life. Sennett (2006, p. 95) argues that 'skill extinction has sped up not only in technical work, but also in medicine, law, and various crafts. One estimate for computer repairmen is that they will have to relearn their skills three times in the course of their working lifetime; the figure is about the same for doctors. That is, when you acquire a skill, you do not have a durable possession'. Given the tension between current competences and those needed in the future, endurable high employee performance is constrained up to the point that employees are unable to acquire new up-to-date skills and knowledge. The question is therefore, how organizations and HRM can support their high performers in allowing the life-long or career-long development of skills.

The specifics of the three resource constraints are essential to the difference between high and sustainable work performance. For keeping the 'iron ball' in perpetual motion, employees must be able and willing to allocate their resources in such way that they are expended to the maximum on the work at hand while overcoming the barriers that go with the high expenditure of resources. Only then is a surplus of resources likely to follow from high work performance which can flow back to the employee's own resource pool allowing for a cycle of sustainable work performance to occur. This sounds easier than it is to achieve, also when taking into account common life changes in the careers of employees and work-life balance issues that accompany those changes over time. To dig further into the attributes of employees that are able create such personal cycles or spirals of sustainable work effort the next section elaborates on the notion of 'employee vitality' as a sustainable work performance concept.

4 Overcoming the Barriers: Employee Vitality as a Sustainable Work Performance Concept

As summarized in Fig. 1, the crux of sustainable work performance is the maximal amount, allocation and type of resources that (a) would be effective and discretionary for organizations in a contemporary work context and (b) are adequately regenerated despite the fact that time, energy and competence resources are limited by short-term (work time boundaries and energy drainage) and more long-term (skill extinction/obsolescence) constraints. Notice that the empirical work performance research in which discretionary employee behaviours/attitudes are found to benefit organizational performance rarely takes into account the possible performance constraints over time. As it is now, HRM research has concentrated on the management of short-term high work performance and far less on the management of sustainable work performance (Pfeffer 2010). As such, high work performance is not always sustainable work performance. However, sustainable work performance is preferably in line with organizational goals and should be considered high and effective work performance in order to create *both* social and economic value.

Fig. 1 From high work performance to sustainable work performance



Thinking of employees that can engage in high performance durably, the "vigorous and proactive" employee is distinguished from the "satisfied and committed organizational citizen". Both characterizations do not have to fully exclude each other. However, the rationale presented so far depicts that, within the backdrop of an increasing dynamic work context, high energy levels and a proactive type of resource allocation are more salient employee attributes. From here, the combination of vigor and proactivity is characterized as *employee vitality*. Although it is not claimed that the exact definition of vitality would encompass both aspects, it adheres to Ryan and Frederick's (1997) understanding of vitality as a "dynamic reflection of well-being". More specifically, they state that vitality reflects the feeling of possessing energy together with feeling that one is the origin of action. In this representation, vitality depicts a human attribute of aliveness and vigor in which a person has the control over one's energy to initiate action. This indicates that vitality is more than just feeling energetic – it also involves that someone initiates to do something with the energy available to oneself (i.e., proactivity). Translated to the work context, work-related vigor and proactivity are proposed to give more insight in the dynamics of vitality as a sustainable work performance concept. To elaborate on this, first, the constructs of vigor and proactivity are described in more detail. Second, the performance dynamics of the interplay between vigor and proactivity are discussed.

4.1 Vigor

Occupational health psychology literature differentiates between negative and positive concepts of employee health and well-being. The most important feature is that in contrast to (negative) strain-related concepts of health (e.g., illness, fatigue, anxiety, depression and burn out) positive health includes concepts that go beyond the mere absence of unwell-being (Warr 1994; Schaufeli and Bakker 2004). In this view, employee well-being is defined by the presence of positive well-being, fitness or aliveness (Schaufeli and Bakker 2004; Spreitzer et al. 2005). An element central to active health constructs such as work engagement and thriving at work, is the extent to which an employee feels vigorous as opposed to a negative focus on feeling of being fatigued and exhausted. Maslach et al. (2001, p. 417) refer to the concept of vigor as 'high levels of energy and resilience, the willingness to invest effort in one's job, the ability to not be easily fatigued, and persistence in the face of difficulties'. Therefore, at the construct level, employee vigor signifies not only the availability of energy, but also the willingness to expend energy into work.

4.2 Proactivity

The notion of proactivity entered the organization behavior literature with those authors who regarded the employee as an active *actor* in contrast to those who considered the employee as an *object* of organizational stimuli and workplace conditions (Frese and Zapf 1994). Proactive work effort can be directed towards at least two work-related domains. First, an employee can show *job proactivity*. Here one takes initiative towards one's own activities in the work process in which they act in a self-starting manner and shows a long-term perspective in order to keep the work process at an optimum level, also when circumstances change or process errors occur (Fay and Sonnentag 2002). Second, the employee can show *developmental proactivity* when one holds a proactive orientation towards one's own development within the current job or towards future job requirements or opportunities (Warr and Fay 2001). This behavior relates to concepts such as *employability orientation* (Van Dam 2004) or *learning motivation* (Taris, et al. 2003), in which employees actively scan future requirements and seek to gain new knowledge or approach knowledgeable people to keep one's own abilities at an optimum level. Together, job and developmental proactivity constitute core elements of the employee proactivity concept when briefly defined as 'self-initiated and future-oriented action that aims to change and improve the situation or oneself' (Parker et al. 2006, p. 636).

4.3 The Interplay Between Vigor and Proactivity

In relation to employee proactivity, which signifies the *type* of resource allocation, employee vigor encompasses the *level* of energy resources the employee is willing to expend at work. From a COR-theory (Hobfoll 1989) perspective, the level of energy resources can either boost or limit extra effort expenditure such as proactivity to the extent that employees evaluate this behavior to either benefit or threaten a minimum (and still healthy) level of energy resources. Two COR principles play an important role. First, when low on resources, withdrawal from extra effort expenditure is likely as an employee wants to conserve their health by sticking to only what is necessary. In contrast, when energy levels are high, employees are able to 'risk' their energy resources on proactive behaviours that improve the job or themselves, without being devastated by the initial resource loss that goes with the higher effort expenditure. Another implication is that with the ability to risk resources, people are more likely to acquire new resources, which again provides them with higher resource levels that can be risked in the hope of making further resource gains (Hobfoll and Shirom 2000). This signifies a cycle of resource gain or a so-called *gain spiral*. Otherwise, *loss spirals* entail a situation in which low-energy employees do not risk their resources to solve or avert the energy drainers at work. Consequently, this could lead to further resource loss and so on.

How does this apply to the interplay between vigor and proactivity as a mechanism to overcome the barriers to sustainable work performance? Sonnentag (2003) describes several reasons why vigor supports proactive behavior. Firstly, in line with COR-theory, the amount of energy is regarded as a key element for employees to actually expend extra effort on self-starting and persisting in proactive behavior. Secondly, energetic employees can also accomplish their in-role tasks with less effort (Hockey 2000), which leaves extra resources to be spent on extra-role proactivity. Conversely, employee proactivity is also expected to restore and regenerate resource levels. For instance, Fay and Sonnentag (2002) propose that job proactivity, by solving operational and process inefficiencies, could actually save time and energy needed for high performance. Additionally, developmental proactivity by actively upgrading one's skills and knowledge could also help to reduce the extra energy and time needed for difficult task performance that Griffin et al. (2000) found to come at the expense of contextual performance. With better skills and knowledge difficult tasks require less intensive thinking. Otherwise, instead of reducing the initial resource loss of high work performance or coping with its demands by increasing time efficiency or skill levels, proactive employees also seek new resources that fuel the energy one is able to expend. For instance, in a 4-wave longitudinal study by Frese et al. (2007), proactive employees were found to actively shape their work characteristics which energized them to be proactive the next year. This is phenomenon is also known as "job crafting", which refers to the self-initiated actions employees take to shape, mold or redefine their jobs to constitute a better match with their needs, aspirations, passions or circumstances (Wrzesniewski and Dutton 2001).

In sum, showing proactivity supports high work performance as well as the employee's preservation and regeneration of new energy, but can only healthily occur under the condition that one has enough energy resources to expend. Hence, with regard to the concept of employee vitality, a reciprocal relationship between vigor and proactivity can be expected. As a consequence this does not presume a one-way causal relationship between vigor and proactivity, but regards them as also mutually supportive components of which the interplay signifies employee vitality as a sustainable work performance concept.

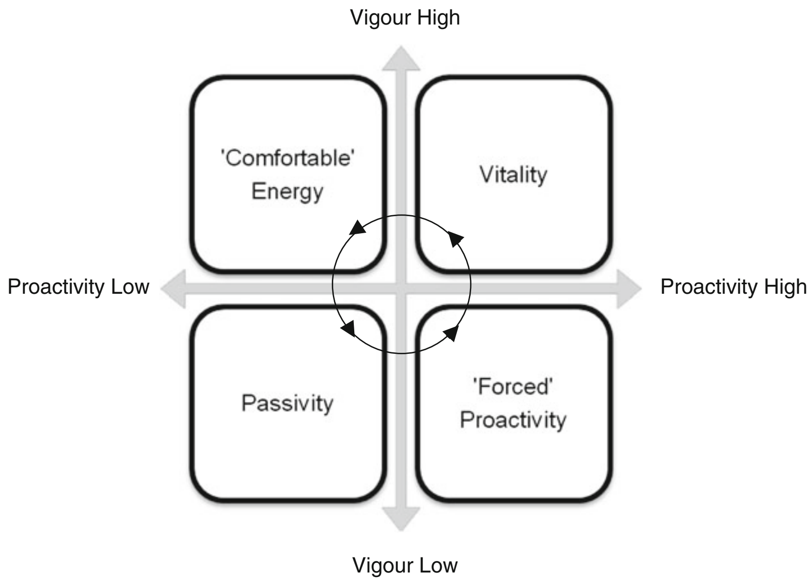


Fig. 2 A four-category framework of sustainable work performance

5 Employee Vitality: A Touchstone for Sustainable HRM?

Turning to the implications for Sustainable HRM, the following sections argue that the employee vitality concept can function as a touchstone for Sustainable HRM's goal to look after the long-term supply of skilled, healthy and motivated human resources (Ehnert 2009). How does one know, as an HR manager, that the workforce is well-equipped to contribute to the organization's sustained competitive advantage without running the risk that high organizational performance comes at the expense of employee well-being, employability and human sustainability? Taking vigor and proactivity in the workforce as core indicators of employee vitality sheds some light on this issue. As argued in this chapter, employee vitality is a sustainable work performance concept which holds the premise that employees, with vitality, can deal with work performance constraints that they might encounter in the future. Incorporating employee vitality as a touchstone for HRM discerns that HRM practices, or decisions that foster employee vitality, could be regarded as Sustainable HRM activities – just like organizations measure their degree of ecological sustainability of their organizational processes by their 'carbon footprint'.

In testing this assumption, several gradations of sustainable work performance are classified in four different categories to the extent that employees score higher/lower on either vigor or proactivity (shown in Fig. 2).

Each quadrant in Fig. 2 signifies a temporary category of sustainable work performance. Quadrants represent different gradations of the sustainability of work performance. Over time, employees falling into one category can move to another category (depicted by the middle circle). With the dynamics between vigor and proactivity in mind this is not surprising. Each typical category, however, signifies different representations of the employee's resource expenditure and its consequent risks to their work performance in the long run. Below, each category is briefly addressed.

5.1 Vitality

High vitality employees have high energy resource levels, which they are willing to proactively allocate towards job improvements and/or self-development. As discussed in the previous paragraph, they are more likely to experience *gain spirals* in which they see the expenditure of resources also regenerate new resources. They can risk their resources on extra effort expenditure to gain new resources, without severely draining their resource levels in terms of health and well-being. All in all, this is likely, over time, to make high vitality employees more resilient to the various constraints to high effort expenditure.

5.2 Passivity

In contrast, passivity reflects a category in which vigor is lower and the engagement in proactive behavior at work happens less often. Passive employees form a precarious group in the light of the absence of energy resources to effectively allocate their discretionary resources to their immediate work and proactive behaviours. Passivity can result in total withdrawal to the extent that the already lower energy resources are heavily taxed by high or new work demands. This makes passive employees vulnerable to organizational dynamics over time as they are less likely to engage in proactive behaviours in order to improve or adapt to their work situation.

5.3 Forced Proactivity

In contrast to vitality and passivity, an in-between category represents a situation in which employees are less vigorous but keep expending effort on proactive work behaviours. Labeled as 'forced' proactivity, employees experience a decline in vigor which forces them to increase the effort to regenerate their vigor by making proactive changes in the work situation or oneself. As consequence, forced proactivity signifies incidences in which employees risk more resources than they can healthily expend. In this struggle for resources one can lose extra resources to the point that an employee gives up and slips into a state of passivity. Conversely, if forced proactivity is eventually successful in terms of more resource gains than losses, one is able to walk away from the fight with vitality. Until that point forced proactivity is considered “risky business”.

5.4 Comfortable Energy

The last quadrant represents employees that are highly vigorous but to a lower extent expend their effort on proactive behaviours at work. Here, employees are characterized by so-called comfortable energy. Their availability of energy and willingness to expend energy is fuelled and preserved by the current job circumstances with less anticipation to future job or skill requirements. This makes it likely that a proportion of the comfortable energy is not expended to attain constant optimal levels of performance. Energy is preserved by not risking it, leading to sufficient but not necessarily high work performance. It is questionable whether being employees high on comfortable energy stands the test, over time, to sustainably perform in dynamic and turbulent work contexts.

The four different gradations of sustainable work performance are distinguished by placing the level of vigor in juxtaposition to the degree of proactive work behaviours. This underlines the chapters’ notion of sustainable work performance as a joint function of resource levels and the allocation of resources to work activities that allow for the regeneration of resource levels. As a touchstone for Sustainable HRM practices, employees can be monitored in belonging to each of these categories through the combined measurement of their levels of vigor and proactivity. In the next section, some empirical insights are presented with regard to the validity and relevance of this four-category framework in relation to work unit performance and employee well-being.

6 The Dynamics of Employee Vitality: Some Empirical Insights

This section draws on our own cross-sectional survey data from 1,966 Dutch employees. Employee survey data were collected (before the economic crisis) between May 2006 and February 2007 in 112 work units from a total of 13 Dutch organizations. Organizations were from a diversity of sectors, including for instance, health care (hospital, child care), industry (mobile phone repair, technical support and construction), service sector (IT services, security services), (semi) government (civil service, customs) and education (elementary schools). For further details see Dorenbosch (2009) or Van Veldhoven and Dorenbosch (2008).

Two issues with regard employee vitality as a sustainable performance concept are elaborated upon. First, are high vitality employees more able to expend effort without draining their energy than employees categorized otherwise? In other words, can the employee vitality concept be validated by the outcome of employees with high vitality and ability to perform well without running the health risk of becoming fatigued? Second, what are the indications that work units in which employees score high on vitality are better performing than those where work unit members fall primarily in the other three categories? In other words, is the vitality of work unit members economically relevant to work unit effectiveness?

6.1 Employee Vitality, over Hours and Need for Recovery

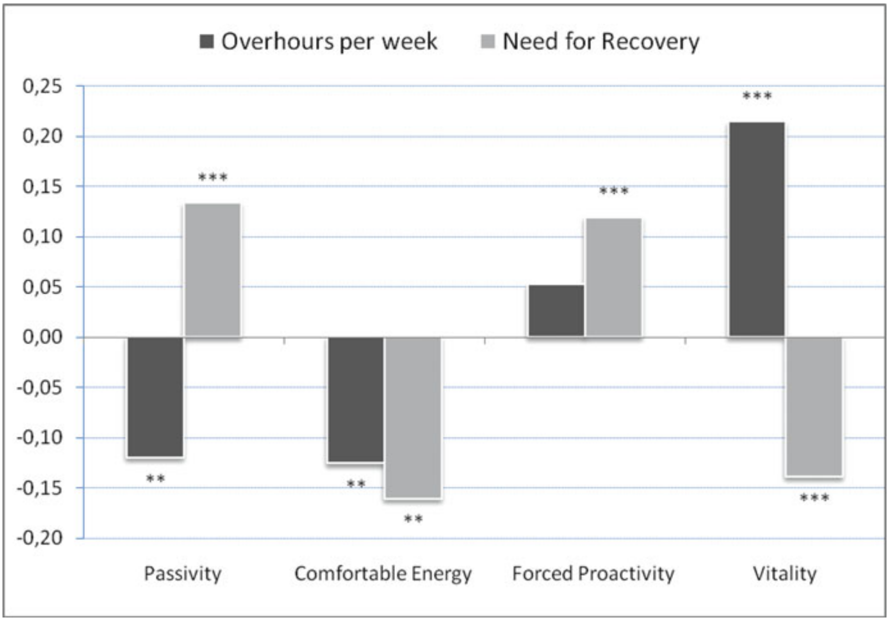
A key to sustainable work performance is whether high vitality employees (operationalized as vigorous *and* proactive employees) are able to expend resources without draining them. Hereto, based on the joint function of *resource levels* and *resource allocation*, employees were categorized in four groups characterized by higher/lower levels of vigor in combination with showing more/less proactive work behavior.

The *vigor*-scale consists of two dimensions. The first dimension, the *availability of energy*, taps the employee's feeling of energy during the whole work day (e.g., 'At the beginning of a working day I have plenty of energy', and 'By the end of the working day I can still adequately concentrate on my work'). The second dimension, the *willingness* to invest energy, measures the employee's absence of a personal resistance to invest in their job (tasks) was tapped (e.g., 'I have to continually overcome personal resistance in order to do my work'). Here, a higher score means *less* resistance and *more* willingness to invest effort in the current job.

The *proactivity*-scale also exists of two dimensions. First, *job proactivity* reflects the extent to which employees initiate new ways of working and solve problems when work processes contain inefficiencies (e.g., 'In my work, I make suggestions to improve the way we work'; 'When work methods or procedures are not effective, I try to do something about it'). The second dimension, *developmental proactivity*, taps the degree to which employees set challenging goals and actively look for situations in which they can expand their skills and knowledge was tapped ('In my work I set myself challenging goals', 'In my work, I search for people from whom I can learn something'). Also, the degree to which employees are concerned with and self-assess future skills and knowledge needs was included in the measure ('I think about how I can keep doing a good job in the future' and 'With regard to my skills and knowledge, I see to it that I can cope with changes in my work'). Both scales had good reliability (see Dorenbosch (2009) for details).

Employees scoring either higher/more or lower/less on both scales were determined by using median-splits on scale-means for vigor and proactivity. In accordance with the four-category framework (Fig. 2), the categories were labeled as *passivity*, *comfortable energy*, *forced proactivity* or *vitality*. Table 1 shows the differences between these employee groups with regard to their investment of time resources (average over hours per week) and the extent to which they indicate

Table 1 Over hours per week and need for recovery across four gradations of sustainable work performance (n = 1.966)

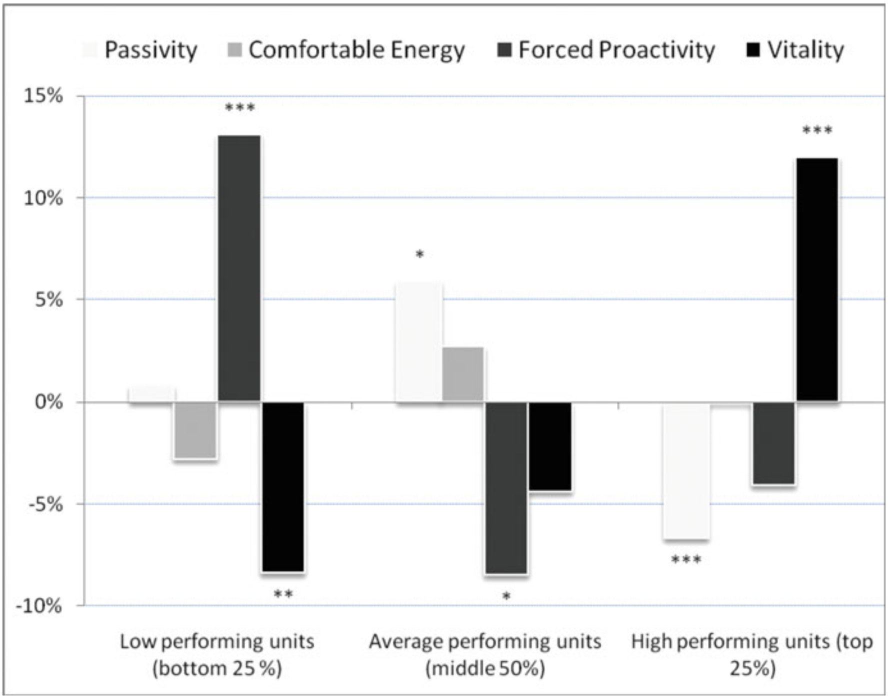


Means are tested with a t-test (horizontal comparisons). The figure depicts above-mean and below-mean difference scores. Difference score significance: $^{*}p < 0.05$; $^{**}p < 0.01$; $^{***}p < 0.001$

that they feel fatigued after work (need for recovery). The average number of over hours was included with an ordinal measure consisting of four categories (1 = no over hours; 4 = 10 or more over hours per week). The need for recovery-measure (Van Veldhoven and Broersen 2003) taps the frequency of showing after work fatigue symptoms indicating that employees did not fully recover from the effects of sustained effort during the working day (e.g., 'I find it difficult to concentrate in my free time after work' and 'When I get home from work, I need to be left in peace for a while').

The differences between the groups are in line with what was expected. High vitality employees seem to be able to invest more time without draining their energy levels after work. In contrast, those employees who show *forced proactivity* also report to making above-mean over hours (not significant), but also show an above-mean need for recovery. Employees characterized by *comfortable energy* during work make less over hours as well as they feel less need for the recovery of energy after work. Those characterized as *passive* employees show a different pattern as they also undertake less over hours but still show above-mean levels of after work fatigue. As theorized in previous paragraphs, passive employees who lack energetic resources run the risk of greater energy loss as these employees are also more likely to withdraw from extra activities to regain energy or protect against energy drainage. In contrast, high vitality employees have more energy resources at their

Table 2 Proportion of employees in different gradations of sustainable work performance ($n = 764$) across low/average/high performing work units ($n = 53$)



Percentages are column percentages, and are tested with the Pearson Chi-square test (horizontal comparisons). The figure depicts above-mean and below mean difference scores. Difference score significance: $^{*}p < 0.05$; $^{**}p < 0.01$; $^{***}p < 0.001$

discretion and therefore are more likely to accept or seek opportunities to risk resources (in terms of over hours) in order to obtain new resources (Hobfoll and Shirom 2000).

6.2 *Employee Vitality and Work Unit Performance*

The second issue concerns the question of whether high vitality employees work in high-performing organizations or work units. In other words, is vitality among employees likely to contribute to better work and business performance? Table 2 shows the results for employees who are in work units of which the unit managers indicated that it was performing at the lower-end, on average, or higher end of expectations. In a subset of 53 work units which employed a total of 764 employees, each unit manager was interviewed asking them the extent to which (1) internal/external customers or clients are positive about the work unit, (2) work unit goals are attained, (3) the financial situation is good and (4) the competitive position is strong. Also, an overall performance score was included in the measure, which together formed a reliable scale. Based on the scale means for subjective unit performance, the bottom and top 25 % performing units were identified, which led to the classification of work units in three categories (including the middle 50 %). By combining individual employee data with unit manager data, Table 2 depicts to what extent higher/lower performing work units have employees working for them who are in different categories (using a similar median-split procedure as in the previous paragraph). The percentages indicate the positive or negative deviance from the average proportion of employees divided over the three work unit performance categories.

Of the total proportion of employees in low performing units, a significantly greater number of employees show 'forced' proactivity. Otherwise, the number of high vitality employees in low performing units is significantly less than average. In contrast, in high performing work units, the proportion of high vitality employees is significantly above average. There are, however, significantly less passive employees working in high performing units. Furthermore, the proportion of employees higher on comfortable energy seems to be evenly distributed across low, average and high performing work units. The cross-sectional data and the conducted analysis at hand do not allow for causal interpretations of the relationship between employee vitality and better work unit performance. What it does show is that high performing work units are more strongly characterized by employee vitality and less by employee passivity. Additionally, within lower performing work units there are more incidences of forced proactivity to be found which discerns the precariousness of proactive behavior when it runs counter to the energy that employees are healthily able and willing to expend.

With survey data from nearly 2,000 employees, the findings in this section is that the combination of high vigor and high proactivity links to high effort expenditure without energy drainage. This finding is in line with the idea that high vitality employees expend their resources in a way that allows them to regenerate and perform simultaneously. On top of this finding, in a smaller subset of work units and employees, it was shown that employee vitality is most common in work units of which line managers rated the performance to be high – independently from the employee survey data. This adds to the notion that employee vitality is also relevant to the operational effectiveness of work units.

7 Conclusions and Recommendations for Sustainable HRM

This chapter contributes to the emerging literature on Sustainable HRM that emphasizes the organization's understanding of the use and misuse of its human resources (Docherty et al. 2002; Ehnert 2009). Although the term 'human resources' and the management thereof often refers to strategically managing personnel or headcount as opposed to other organizational resources (e.g. financial assets, technology, processes and patents) that are owned or controlled by the organization, this chapter emphasizes the individual human resources such as time, energy and competences that are owned, controlled *and* protected by employees themselves. A key issue this chapter raises is to what extent employee vitality characterizes employees that manage their own resources in such way that they attain high performance goals without draining their resources needed for sustainable work performance.

This chapter expresses the need for a sustainable work performance concept as the quality of the organization's human resource pool is in constant flux. Over time, employee energy could be drained by the high effort expenditure, skills and knowledge so run the risk of becoming obsolete and time pressures might disrupt the allocation of resources to the maintenance themselves or the work situation. In analogy with the search for the principles of perpetual motion caught in the notion of the *perpetuum mobile*, this chapter addressed the value of high vitality employees as vigorous employees who proactively allocate their resources in such way they can overcome the different resource constraints that can diminish work performance over time. Employees do this by seeking less resource-draining ways to conduct their tasks or by upgrading their KSA's to cope with new job demands.

An essential component of sustainable work performance is that the expenditure of discretionary work effort itself allows for resource *regeneration*. Also based on the empirical insights from nearly 2,000 Dutch employees, it is claimed that knowing the level of employee vitality in the workforce can serve as a touchstone for HRM professionals to evaluate whether HRM activities enable employees to "keep the iron ball rolling" now and in the future. However, this is only possible if employees know how to strike a healthy balance. Workholism and overcommitment are indicators of excessive work ambition which eventually will erode the effectiveness of work effort as employees forget to refuel.

Other than contesting the laws of physics when building a *perpetuum mobile*, the dynamics of employee vitality draws on Hobfoll's Conservation of Resource (COR) theory (1989) in combination with the research literature on proactive work behavior. As the *gain spirals* in COR-theory represent the idea that resourceful employees are able to 'risk' their resources on extra effort expenditure in order to gain new resources, proactive work behavior literature discerns the type of extra work effort that would be valuable to employee and organization while allowing for resource regeneration. Otherwise, COR-theory also includes the possibility of *loss spirals* in which people evaluate their resource levels to be low which makes them likely to withdraw from extra effort expenditure to protect minimum levels of health and well-being. By withdrawing, employees conserve a healthy amount of resources, but they become more vulnerable to turbulences and changes at work as they do not allocate sufficient resources to proactive adaption or improvement-making in the work situation. To the extent that employees are unable to deal with future variability in work performance demands, greater or total withdrawal is likely to follow. In other words: *over time, the vulnerable become more vulnerable,* *while the resourceful get more resourceful*. With these psychological processes occurring among employees in organizations, HRM professionals seeking to manage their human resources sustainably can take the following actions:

7.1 Formulate an Explicit Sustainable HRM Strategy

Sustainable HRM actions are likely to be more effective when backed by an explicit Sustainable HRM strategy. For instance, for 2020, the new European Union's employment strategy emphasizes the notion of sustainable work through, in their own words, 'creating working environments that attract and retain people into employment, improve workers' and companies' adaptability, create sustainable working practices and environments, boost human capital through better training and skills development while still protecting workers' health' (Eurofound 2010, pp. 1–2). This might just as well reflect the pillars of a Sustainable HRM strategy at the organizational or work unit level.

What a Sustainable HRM strategy does is communicating the essence of sustainable employment to both managers and employees. This means organizations reward those work units who are able to strike a balance between work performance and resource regeneration. In practice this could mean that high-performing work units are not applauded by top management if high performance is attained at the cost of employee well-being and development. To follow-up on a strategy it is important that an organization can monitor the degree of sustainable performance in work units. In this chapter it is proposed that employee vitality could serve as a touchstone for Sustainable HRM activities and the Sustainable HRM strategy in general.

7.2 Monitor Sustainable Work Performance at the Work Unit Level

The results shown in this chapter indicate that high-performing work units also employ a higher proportion of high vitality employees than employees in the categories passivity, comfortable energy and forced proactivity. Monitoring the proportion of employees falling in each category by surveying their level of vigor and proactivity in annual employee questionnaires gives HRM and line managers an indication of the magnitude of high vitality employee per work unit but also the degree to which the work unit's performance is at risk. Work units whose performance runs a 'sustainability risk' are those that employ a high percentage of employees that score high on passivity and forced proactivity. The sooner these work units get identified the better, because the expected long-term consequence is that this will lead to further (dysfunctional) employee withdrawal from the work process and diminished work unit effectiveness. Combining the employee vigor and proactivity measures used in this chapter (together with the theoretical underpinning) already shows that integrating instead of separating the information obtained by these measures provides a better proxy for sustainable work performance. Having identified those work units at risk provides HRM managers with the opportunity to effectively target their efforts in support of line managers who are responsible for the work unit at risk.

7.3 *Recognize and Manage Job-Specific Resource Constraints*

In understanding the obstacles that risk groups encounter to healthily attain required work performance levels, HRM professionals or line managers should acquire knowledge on the job-specific resource constraints to work performance over time. This chapter outlined three of them: energy, time and competence constraints to sustainable work performance. Questions to ask oneself towards each of these constraints are for instance: What job aspects threaten employee energy to expend on high performance? What restricts the work time to expend on both task performance as well as contextual performance? Are job-specific skills and knowledge likely to expire or become outdated? HRM's knowledge of the resource constraints are likely to lead back to different work practices that could minimize the obstacles to sustainable work performance. For instance, the mental and physical energies of employees can be overtaxed by high and heavy work demands when employees have no control over their energy expenditure (Karasek 1979). To some extent work time flexibility or job autonomy have been found to provide employees with the time and task control to avert health and well-being risks of high effort expenditure (Barnett et al. 1999; Van der Doef and Maes 1999). With regard to the allocation of time to the immediate tasks and contextual performance, Bergeron (2007) argues that managers often give relatively greater weight to task performance in performance evaluations (and pay), which is likely to diminish the allocation of time to contextual work performance. Sustainable performance is therefore facilitated by a good mix of short-term performance goals and long-term developmental goal-setting by managers. When employees are evaluated on their attainment of short-term goals and their progress to long-term goals, employees are less afraid that time spent on contextual job or developmental improvements will eventually backfire in their performance appraisal. Last, with regard to skills and knowledge for future performance, managers must think ahead by providing regular on-the-job or off-the-job training needed to avert the future competence constraints to work performance. It should be noted that HRM should act out relevant HRM activities which fit the most to the performance constraint at hand.

This chapter closes with the remark that sustainable work performance is an issue of time. The empirical analyses presented, in the chapter, do not include longitudinal data and it would be useful to monitor *how* employees shift from one category to another over time and *how* a Sustainable HRM could support employee vitality and resource regeneration. Monitoring sustainable work performance concepts such as employee vitality should preferably also be linked to multiple measures of organizational performance. Integrating sickness absence rates and employee turnover figures with operational or financial performance information can show whether high organizational performance objectively comes at the expense of employee health and well-being. By asking the right questions, monitoring the right employee indicators and interpreting the right information, organizations can open up to the complex matter of managing human resources sustainably. On the other hand, organizational reality knows many internal and external disruptions that can cause the *perpetuum mobile* of work effort to come to a halt. Recognizing and understanding these disruptions form a first important step for HRM professionals and line managers to develop a Sustainable HRM strategy. This chapter shows that the issue of sustainable work performance is theoretically and empirically not as infeasible as perpetual motion is to theoretical physicists. Still, more research is needed to fully grasp the fundamentals of Sustainable HRM. Time will, literally, tell.

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The Model of Negative Externality for Sustainable HRM

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Abstract Although human resource management (HRM) literature has provided abundant insight into strategies used to improve employee effectiveness for company performance, relatively limited research exists on the harm or negative externality that those HRM practices can have on employees and the community. This article explores the negative externality of HRM practices that is imposed by organizations on employees, their families and communities. A conceptual model of negative externality for Sustainable HRM is proposed to provide a framework for HRM practitioners and researchers to understand the resulting harm of some HRM practices on employees, their families and communities. To highlight the practical

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implications of the model, downsizing, a widely used business turnaround strategy to improve business efficiency, is analyzed for its negative externality. Subsequently, the role of Sustainable HRM practices which can minimize such harm is examined. Practical and empirical implications of the negative externality of HRM practices are explored.

1 Introduction

Employee downsizing is a common practice that organizations use for the planned elimination of positions or jobs as a response to market and technology changes. The expected competitive benefits of downsizing for organizations are lower overheads, faster decision making, increased productivity and better earnings (Kets de Vries and Balazs 1997). Many studies show that the actual benefits of downsizing are only short-term; it has been found that productivity either remained stagnant or deteriorated after downsizing (Henkoff 1990; Laabs 1999). Downsizing as a workforce reduction strategy has critical issues for organizations as well as for individual employees (victims and survivors).

Over the past two decades downsizing has become an increasingly common strategy used by corporate companies both in good as well as in harsh economic times. Downsizing during an economic downturn for a company's survival is understandable and it can be considered a sustainable practice for profitability from the management perspective (Ambec and Lanoie 2008). However, the question is whether downsizing implemented by a company during a temporary drop in demand be treated as a sustainable or unsustainable human resource management (HRM) practice from human sustainability perspective (Pfeffer 2010). The human sustainability perspective is about how organizational practices have profound impact of human health and mortality. Therefore, the unsustainable practices of downsizing may impose psychological, social and work related health harm on third parties, for example upon employees, their family members and communities (see Docherty et al. 2009; see also chapter "Sowing Seeds for Sustainability in Work Systems" in this volume). However, the Sustainable HRM practices within organizations have the potential to help employees to cope and minimize the harm on the third parties (Mariappanadar 2010).

Pfeffer (2010) suggests that downsizing is driven by a set of untrue myths (e.g. higher stock price than peers, increased company productivity, increased profit and costs cut) that drive managers to resort to downsizing during a temporary drop in demand for products or services. There is much research that highlights the unsustainable harm of downsizing on employees (both the victims and the survivors) as well as on wider communities. For example, Armstrong-Stassen and Cameron (2003) revealed the long term damage of hospital downsizing on nurses' intention to stay in the profession. Baran et al. (2009) indicated the plight of the retrenchment 'survivor syndrome' and the impact of perceived job insecurity on employees' mental and physical health. Further, Cascio (2002) has listed the direct and indirect costs of downsizing for companies. However, there are very limited studies of the negative externality (NE) perspective of the unsustainable impact of downsizing on the victims, the survivors and communities. Externality is something that, while it does not appear to affect the organization that downsizes employees, does cost third parties who have to alleviate the harm imposed by the organization (Biglan 2009). The rationale for discussing externality from a Sustainable HRM perspective is because downsizing is a good example for how organizations internalize their actions with respect to maximizing labor flexibility disregarding the negative impact their practices have on the wellbeing of the victims, the survivors, their families, and the community. An organization's failure to assimilate the social cost of their business and HRM practices is explained as NE. The NE is something that costs the organization little for their actions or business practices, but those actions or business practices are costly to third parties. In a free market economy, organizations can maximize their profit by ignoring negative externality (Papandreou 1994), and hence many organizations choose not to make any real attempt to reduce NE of HRM practices unless the government, NGOs and labor advocacy groups step in to intervene and promote a more 'sustainable' HRM.

Although there is an emerging trend in publishing articles in the field of Sustainable HRM (see chapters in this volume), there is limited research in understanding the NE of HRM practices on the third parties from an institutional economics perspective. Kapp (1976) has indicated that government, labor relations and labor advocacy groups have an important role in addressing the social costs of production based on an institutional economics perspective. However, little effort has been seen in the literature to measure the NE of HRM and the social costs to the third parties. An understanding of the externalities of such HRM practices could help managers and researchers to evaluate the NE caused by HRM practices that predominately focus on profit maximization within organizations. By evaluating and understanding the NE of HRM practices, organizations can introduce Sustainable HRM practices to reduce such NE and also improve employees' engagement and Corporate Social Responsibility. Therefore, knowledge construction on NE of HRM practices is important to enrich our understanding of tensions, conflict, suppression, and the importance of language in shaping our understanding of Sustainable HRM. Sustainable HRM practices can enhance both profit maximization for the organization and also reduce the NE on employees and the community (Mariappanadar 2003; see also Ehnert 2009).

The aim of this chapter is achieved in two stages: Initially a conceptual framework of the NE of HRM is developed. The framework helps to understand the potential NE of HRM practices imposed by organization on third parties (e.g. employees, their family members and communities). Then the effectiveness of Sustainable HRM practices used by organizations and the individual employee differences to counter or cope with those NE are evaluated. Subsequently, the utility of the framework is explored by analyzing the psychological, social and work related health aspects to employees of using the specific context of organizational downsizing.

2 Theoretical Background

2.1 Externality

Externality in a generic sense results in interdependence and inefficiency. The inefficiency is the action in respect to some business or HRM practice that has a negative impact on employees and the community, which somehow is not properly 'accounted for' by the initiator of the action (i.e., the organization). There are two types of externality, positive and negative. Positive externality is something that benefits society, but in such a way that the producer cannot maximize profit for the shareholders. The negative externality (NE) is something that costs the organization less for their actions or business practices than they save; however these actions or business practices have a negative impact on society in general. Biglan (2009) suggests that if the justification and support for capitalism is its contribution to human wellbeing, then wellbeing should be our ultimate goal. Further, it is important to understand if companies and HRM can evolve practices that retain the beneficial aspects of capitalism while reducing their negative externalities.

Kapp's theory of social costs provides an alternative to the neoclassical theory of externality. He defined social costs as "all direct and indirect losses sustained by third parties or general public as a result of unrestrained economic activities. These social losses may take the form of damages to human health, they may find their expression in the destruction or deterioration of property values and premature depletion of natural wealth; they may also be evidenced in an impairment of less tangible values" (1977, p. 13). He indicated that the social costs are imposed on the weaker section of the society, such as individuals, who could not defend themselves from the harm of economic activities and the cost shifting. He strongly believed that social costs are avoidable by organizations so as to make the society humane and improve real income for the employees. He further indicated that public and private sector with combination of public and private controls makes it necessary to define social costs as damages and harmful effects of public and private economic decision making (Kapp 1965).

2.2 Sustainable HRM Strategy

Sustainable HRM practices are those practices that are used to achieve business goals as well as minimize the harm of the NE of such practices on employees and the community (Mariappanadar 2003). However, the over-working or over-stretching of valued employees for the internally referenced efficiency for an organization's benefit, at the cost of the employees' and their family's wellbeing is an unsustainable HRM strategy. The NE of unsustainable practice of employee retrenchment is based on the post-organizational costs (Mariappanadar 2003) imposed by organizations on employees and communities.

Ehnert (2009) examined sustainability from a broader perspective to the negative externality perspective. She developed a paradox framework for Sustainable HRM, which is an extension of Strategic HRM with regard to the notion of success (performance). The paradox framework attempts to highlight the tensions between traditional economic reasoning and substance oriented decision making for organizational sustainability (see also chapter "Sustainability and HRM" in this volume). The traditional economic reasoning seeks to maximize output or to minimize input by deploying employees more efficiently and effectively. The substance-oriented sustainability focuses on balancing corporate resource consumption of human resources and the supply of resources from the community/society as well as their regeneration and development within the organization. Ehnert (2009) defined Sustainable HRM as

> the pattern of planned or emerging human resource strategies and practices intended to enable organizational goal achievement while simultaneously reproducing the HR base over a long-lasting calendar time and controlling for self-induced side and feedback effects of HR systems on the HR base and thus on the company itself. (p. 74)

In summary, it is evident from the literature that currently the sustainability of HRM is examined from the NE and strategic management perspectives. In this chapter, the focus is to conceptually develop a model from the NE perspective, and to highlight the wider importance to human sustainability.

3 A Conceptual Model of Negative Externality for Sustainable HRM

There is evidence available in the Strategic HRM literature (see Delaney and Huselid 1996; Laursen and Foss 2003) highlighting the effectiveness of HRM practices in achieving internally referenced efficiency for organizations. Those HRM practices that are capable of achieving internal referenced effectiveness may also contribute to NE. In this chapter a conceptual model of the NE for Sustainable HRM practices (Fig. 1) is proposed to examine the impact of the NE on employees and third parties (e.g. employees, their family members and communities), and the effectiveness of Sustainable HRM practices and employee individual differences to reduce those NE.

3.1 HRM Practices with Potential Negative Externality

There is no research currently available in the literature on the NE of HRM practices and hence drawing from Lazarus (2000) stress process model the harmful consequences or NE of some HRM practices used in organizations on the third parties is explored. It is proposed in this model that downsizing, restructuring, work

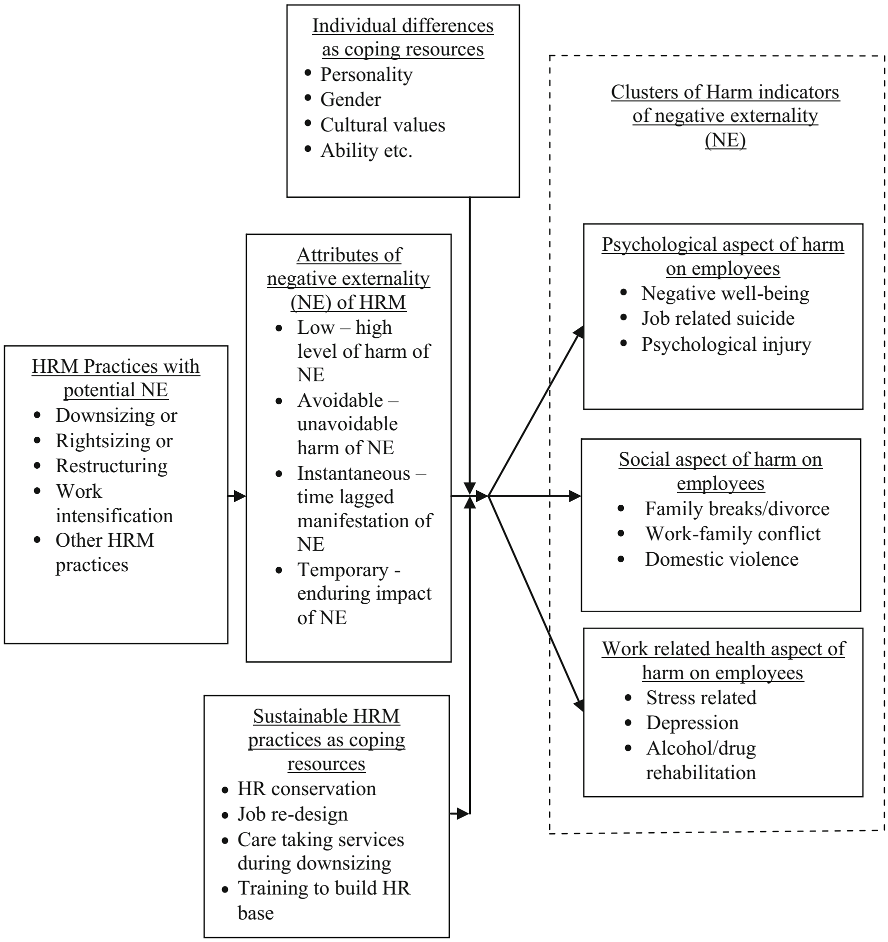

Fig. 1 A conceptual model of negative externality for Sustainable HRM

intensification etc. as HRM practices are identified as 'HRM practices with potential NE' or the antecedents for NE (Mariappanadar 2010). For example, employee retrenchment is capable of improving internally referenced efficiency of organizations and also capable of triggering a NE in that process. Furthermore, the post-organizational or social costs of HRM practices on employees and the community are explained as the NE (Mariappanadar 2003). In the next section a framework of attributes of NE is proposed to evaluate and understand the different types of NE related to HRM practices and to help researchers to collect evidence on the NE of these practices.

3.2 A Framework of Attributes of Negative Externality of HRM Practices

The proposed framework of attributes of NE of HRM explains the characteristics of harm that organization practices have imposed on third parties. The harm of NE of HRM practices is defined as *the profound, incomprehensible and negative impact on employees' and their family members' reduced personal outcomes, social and work related health wellbeing that are caused by work practices used by organisations to extract maximum skills, abilities and motivation of employees to achieve highly effective and efficient performance*. To understand the harmful aspects of HRM practices the attributes of NE of HRM are used in this model.

The attributes of NE of HRM practices are: (1) level of risk or severity of harm; (2) manifestation of harm; (3) impact of harm; and (4) avoidability of harm. The framework of the attributes of NE of HRM is based on the framework of social indicators. Armstrong and Francis (2003) explained that social indicators are statistics, which are intended to provide a basis for making concise, comprehensive and balanced judgments about the conditions in a specific society. Salvaris (2000) in reviewing various frameworks that are used to guide the selection of social indicators suggested that some communities develop social indicators within frameworks of sustainability, whereas others use frameworks describing a healthy community, quality of life or local democracy. He further indicated that the benefits of social indicators lie in their capacity to inform and guide appropriate authorities in policy-making and resource allocation choices. Here, the attributes of NE of HRM practices are used as social indicators to understand the impact of NE on employees' psychological, social and physical wellbeing so that organizations can develop Sustainable HRM policies and practices to improve the quality of life and create healthy communities.

It is proposed that each of the attributes of NE has a polarity of characteristics: (1) *low* and *high* risk or severity of harm for the attribute of level of harm of NE; (2) *avoidable* and *unavoidable* characteristics of the avoidability of harm attribute; (3) *temporary* and *instantaneous* as characteristics of the manifestation of harm attribute; and (4) *temporary* and *enduring* as characteristics of the attribute of impact of harm. Gibson (1979) argues that the senses evolved to respond to aspects of the environment relevant to adaptation, so that the positive or negative meaning of stimuli (viz. attributes of NE) is often immediate and becomes the basis for appropriate behavior. Therefore, the dimension of attribute of NE will determine the work behavior of employees, and in turn that will have appropriate consequences on the health and wellbeing of employees and the community. For example, if the appraisal of attributes of NE leads to employee disengagement, and employee disengagement leads to negative health and work/life balance consequences for employees (Musich et al. 2006), then the community will require a need for corrective action to be taken by an organization to minimize the impact of NE.

3.2.1 Level of Harm of Negative Externality

The level of risk or severity of harm of NE of HRM practices is concerned with an employee's evaluation of the *high* or *low* risk or severity of harm of NE on himself/herself, their family or the community. For example, an employee who evaluates their company's HRM practices as being of a high risk of harm of NE is less likely to engage in high organizational performance (see also chapter "Corporate Human Capital and Social Sustainability of Human Resources" in this volume). However, in reality, the internally referenced efficiency perspective of an organization will influence the employee to engage in high organizational performance in spite of their work disengagement. This tension or dissonance between an employee's evaluation of high risk or severity of harm of NE and the efficiency perspective of an organization lead to high stress; presenteeism, life dissatisfaction, and increased health risk among employees (Musich et al. 2006). Hence, a perceived high risk of harm of NE by employees and community should prompt action by the organization to minimize the impact of NE. However, a low level of harm of NE is perceived by employees and the community as a minimal risk to health or wellbeing. Therefore, the levels of harm have the capability to measure the harm of NE.

3.2.2 Manifestation of Harm of Negative Externality

The manifestation of harm appears *instantaneously* or *time lagged* after the introduction of a particular HRM practice. When NE of some nature happens as an immediate outcome of HRM practices then such externality gets significant attention within the community. For example, after the privatization of energy companies (owned by the state government of Victoria, Australia, in the Gippsland region about 160 km east of Melbourne, Victoria) between 1990 and 2002, many local employees lost their jobs from the power generation companies as well as from the ancillary industries. As an instantaneous consequence of the retrenchment there was a dramatic increase in alcohol related domestic violence, family conflict, and suicide in that community (Han and Phillips 2008). This harm of NE of retrenchment was noticed by the community as well as the government and resulted in the introduction of various welfare measures to minimize the harm of NE of retrenchment on the community. Although, the instantaneous NE impact on the community receives immediate political and organizational attention and hence actions are taken to minimize such impact the time lagged harm of NE manifests over a much longer period of time. For example, employee depression and work related psychosomatic disorders may be the time lagged manifestation of the NE of HRM practices. The difficulty is to identify the HRM practices that are the cause of the harm on employees due to the time lagged or delayed manifestation. Therefore, time lagged NE needs a different strategy to the instantaneous NE to counter its negative consequences. However, there is no research in the work stress literature to suggest that a particular type of HRM practice causes time lagged manifestation of harm, such as depression and psychosomatic disorders on employees.

3.2.3 Impact of Harm of Negative Externality

The harm caused by NE of HRM can have a *temporary* or *enduring* impact on employees and the community. The temporary psychosocial impact of NE on employees and the community are those that may result in no permanent harm for employees. For example, Lin et al. (2007) found that headaches are a reaction to stress at work among nursing staff in Taiwan. The common methods used to deal with headaches are sleep, taking medicine, taking a rest, or acetaminophen (panadol-500 mg). Therefore, employees who perceive that the NE is only a temporary phenomenon do not experience any alarm about the need for action to minimize the externality impact. The enduring harm of NE though has a detectable impact that causes greater discomfort, damage, or distress to employees, their families, and the community and the impact maybe permanent. For example, an increased workload due to downsizing can alienate a retained employee from their family which can lead to a break down in the relationship with their partner or to the neglect of the children resulting in enduring behavioural problems. The break down in relationships and neglect of children as outcomes due to increased workload due to downsizing in turn causes a relatively permanent impact of discomfort and distress for the employee and their family (Brannen and Moss 1998).

3.2.4 Avoidability of Harm of Negative Externality

A set of HRM practices implemented by an organization is an outcome of both internal and external environments. Hence, an avoidability attribute of NE attempts to identify whether the harm of NE of an HRM practice is due to *avoidable* or *unavoidable* internal or external environmental conditions. That is, if an organization implements certain HRM practices due to an avoidable environmental context then the externality caused by such practices can be perceived as harmful (psychosocial) by employees and the community. Therefore, the organization needs to take corrective action to minimize the harm done to employees and the community to boost their Corporate Social Responsibility reputation. For example, corporate company (A) diversifies either by a take-over or merger with company (B) identified as a ‘cash cow’. Subsequently, A retrenches employees from company B to cut costs for further diversification of company A. Employees in company B feel that company A is retrenching employees due to self-interest and hence it is perceived as ‘avoidable’ and unacceptable to them. However, if company B is under-performing due to a prolonged recession and decides to retrench employees in the company then the employees and community may perceive this HRM strategy as ‘unavoidable’ and hence acceptable to employees.

To summarize, the level of harm as an attribute of NE focuses on an employee's perceived quantity of NE, the impact attribute relates to the permanence of the impact of NE, the manifestation attribute explores the temporal aspect of the manifestation of NE, and the avoidability attribute defines the environmental factors as the cause of NE of HRM practices. HR managers need to become more aware when they are confronted with conflicting employees' appraisals of tensions of low or high risk or severity of harm, and the manifestations of instantaneous or time lagged harm. Also, they are faced with the tension of enduring or temporary harm of NE, and the avoidable or unavoidable environment based harm of NE. These polarities of harm of NE as perceived by employees and the community trigger sustainable and unsustainable HRM strategy tensions in managers when making business decisions. Therefore, the polarities of harm of HRM practices provide a new perspective to understand the paradox they create for managers while making business decisions based on internally efficiency referenced criteria. Pool and Van de Ven (1989) define a paradox as a situation in which two seemingly contradictory, or even mutually exclusive, factors appear to be true at the same time. Further, they suggested that a paradox has no clear answer or set of answers – it can only be coped with as best as possible. Ehnert (2009) has also suggested that the tension created between the traditional notion of economic success and both a substance-oriented and an ethical understanding of sustainability needs to be acknowledged by HRM. The paradoxes and dualities between these different rationales for decision-making provide richer insight to justification of sustainability. Hence, the paradox created by the polarity of harm of NE can provide insight for managers to explore a new HRM strategic direction, such as Sustainable HRM, to minimize the impact of harm of NE on employees and the community.

3.3 Moderating Effects of External and Internal Resources for Coping with Negative Externality

It is proposed in the model that employees use coping strategies based on their individual personal characteristics and organizational practices such as Sustainable HRM practices to minimize the NE. For example, employees use problem-focused or emotion-focused coping strategies (Lazarus 2000) when they encounter downsizing in their organizations (for problem-focused and emotion-focused coping in Sustainable HRM see Ehnert 2009). Wilk and Moynihan (2005) suggest that the personal characteristics and the organizational practices used to cope with job-stressors have the potential to diminish the detrimental effects of these stressors on work-related outcomes. Sears et al. (2000) revealed that reduced levels of burnout and depression were associated with coping strategies that are tailored specifically to organizational and individual needs and that such strategies are likely to produce healthy and satisfied employees. Therefore, in this section the effectiveness of Sustainable HRM practices (work context or external resources) and individual differences (personal characteristics or internal resources) are explored as coping strategies to minimize the harmful aspects of NE of HRM practices.

3.3.1 Sustainable HRM Practices

It is proposed in the model that subsequent to evaluating the types of NE affecting employees using the attributes of NE, organizations may introduce appropriate HRM practices to counter the NE. Dollard et al. (1998) reported that work contexts are important factors in reducing the risk of psychological strain among employees. Ideally, organizations should introduce Sustainable HRM practices to help survivors to cope with the context of downsizing so that they can play an important role in the future success of the downsized organization. Theorists have suggested that empowerment and job enrichment are two such HRM practices that are used by organizations to help employees cope with downsizing as well as to stay loyal to the organization (Mishra and Spreitzer 1998). Niehoff et al. (2001) found that job empowerment does indeed have an indirect effect on loyalty through job enrichment during downsizing.

Ehnert's (2009) proposition of Sustainable HRM complements Mariappanadar's (2003) HR conservation strategy. HR conservation is a strategy used to develop the human resource base from within the organization to handle the unsustainable harm of downsizing. HR conservation is the extent that an employee has acquired company specific or transferable competencies (knowledge, skill and interpersonal skills) to perform a variety of jobs effectively in the future by retaining their membership in the same organization with additional, but not extensive, formal training.

3.3.2 Employee Individual Differences

It is proposed that individual employee differences, such as personality, gender, cultural value, ability etc., are used as internal coping mechanisms by employees in moderating the attributes of NE and the harm indicators of the model. For example, Lazarus (2000) indicated that primary appraisal of harm or threat of a stressful work context is mediated by employees' values, personality and belief about themself in coping with the stressful situation. Furthermore, Bennett et al. (1995) found a positive relationship between self-efficacy (a personality characteristic) and coping strategies among 'layoff victims'. Several different industries (such as education/training, health/safety, retail/wholesale, and technology), suggest that employee work stressors are more strongly related to counterproductive work behaviour among those workers who were low in conscientiousness, or high in negative affectivity (NA) than among workers who were high in conscientiousness, or low in NA (Bowling and Eschleman 2010). Further, the interplay of cultural dimensions (e.g. individualism and collectivism) and coping with work stress in predicting psychological strain or distress on the job is established (Bhagat et al. 2010).

3.4 Harm Indicators of NE of HRM

It is important to understand the impact that attributes of the NE have on employees, their family members and the community. Hence, the harm indicators of NE are used to identify the presence or manifestation of psychosocial and health harm and can be used to raise awareness. The proposed indicators of harm of NE (Fig. 1) are grouped into three aspects of manifestation of harm. These are psychological, social and work-related health aspects. The psychological aspect of harm upon employees become manifest, for example, in negative wellbeing, job related suicide, drug/alcohol abuse, emotional pain and sufferings due to psychological injury. Social harm indicators are, for example, family breakdown/divorce, child neglect and increased domestic violence. Harm indicators such as work-related depression, neurotic and psychosomatic disorders and alcohol/drug rehabilitation are clustered within the work-related health aspect of harm upon employees and their family members.

The rationale for clustering the harm indicators such as work stress, negative wellbeing, and job related suicide within 'psychological aspect of employees' is explained by the effort-recovery (E-R) model (Meijman and Mulder 1998). The E-R model theorizes that effort expended at work has both benefits (e.g., productivity) and short-term psychological and physiological costs. These costs are thought to be reversible, as long as the individual has sufficient opportunities for recovery, both during work breaks and after work (see also chapter "Corporate Human Capital and Social Sustainability of Human Resources" in this volume). However, if there is insufficient opportunity for recovery from work due to increased workload and work stress caused by downsizing, then negative load effects may accumulate, resulting in prolonged fatigue and negative well-being (Geurts et al. 2003) leading to the psychological manifestation of harm upon employees. Hence, the E-R model can serve as a useful theoretical framework for explaining the mechanisms underlying the relationship between NE of HRM and the psychological aspect of harm for employees.

The aspect of harm indicators within the social aspect of employees is explained by the spillover model of work-to-family influences (Bolger et al. 1989). The spillover model explains how the daily tensions and satisfactions experienced at work by employees are assumed to shape an employee's emotional state at the end of the work day, leading to either tension or satisfaction at home for that employee. Hughes and Parkes (2007) found in their study that participants working longer hours experienced greater spillover of work time and strain into their home life (viz. child neglect and domestic violence), and this interference, in turn, is negatively related to family satisfaction. The process of stress crossover (Sears and Galambos 1992) also explains how an employee's stress at work results in stress for his or her spouse at home and subsequent negative marital interactions leading to family break downs and divorce, with obvious cost to employees and their families.

The aspect of harm indicators of work related health issues on employees can be explained by two different theoretical pathways: the physiological recovery mechanism and life style factors (van der Hulst 2003). These two pathways are not mutually exclusive and they may operate simultaneously. The physiological recovery mechanism proposes that insufficient recovery disturbs physiological processes (blood pressure, hormone excretion, sympathetic nervous system activity) and leads to physical health complaints (Rissler 1977). The unhealthy life-style factors such as smoking and caffeine and alcohol consumption, unhealthy diet, and lack of exercise cause physiological changes (e.g., high blood pressure, high cholesterol) and increased risk for cardiovascular disease and adverse health in general (van der Hulst 2003). Hence, there is evidence to suggest that the attributes of NE of HRM may lead to negative work related health outcomes due to physiological or/and life style factors.

3.5 Psychological, Social and Work-Related Health Harm as NE

Why are the psychological, social and work related health aspects of harm of HRM practices considered to be NE? Within the definition of externality, are shown the cost that an organization's practices impose on the society or a third party (Biglan 2009). The cost refers to an estimate of expense or payment of money to alleviate the harm of NE of HRM practices by employees and the community. For example, the expense incurred by employees to alleviate the emotional pain undergone due to work related psychological injury or the expense relating to divorce caused by work-family conflict. Furthermore, in Australia the costs associated with negative work related health outcomes for employees and their family members are rendered by the community (government) through Medicare (an Australian government agency providing universal health care). Hence, the psychological, social and work related health harm of HRM practices are treated as NE because the associated costs of these harm are 'not' compensated by organizations that have triggered these harm but the costs (social costs) are incurred by employees and the community as third parties.

In summary, the objective of the proposed conceptual model (Fig. 1) of NE for Sustainable HRM is to provide a framework to understand the manifestation of the psychological, social and work related health harm on employees due to the attributes of NE of HRM practices. Subsequently, the NE of HRM practices is explained based on the costs rendered by employees and communities as third parties to alleviate the harm of NE imposed by organizations. Further, the model attempts to explore the performance effectiveness of Sustainable HRM practices that are introduced by organizations to counter the NE of unsustainable HRM practices.

Considering that Sustainable HRM research is in its early stages, it is important to be cautious when assuming, without evidence, that some of the HRM practices used in organizations have a sustainable impact on employees and communities.

For example, efficient, effective *and* sustainable HR deployment (Ehnert 2009) and HR conservation (Mariappanadar 2003) as Sustainable HRM strategies to counter downsizing can be empirically tested in the future. The proposed model provides a framework for managers and researchers to make informed, evidence based, decisions on the sustainable and unsustainable impact of HRM practices on employees, their family members and the community. Hence, the list of unsustainable HRM practices and the list of Sustainable HRM practices provided in Fig. 1 are only indicative. In future, researchers can examine any other HRM practices, which are not included in this list, for NE on employees and the community. Also, the list of Sustainable HRM practices may include any other HRM practices that are used by the organizations to counter the NE of those HRM practices with potential NE.

4 Analysis of the Link Between NE of Downsizing and Harm Indicators

In this section, the relationship between the NE of employee downsizing and the harm indicators is theoretically analyzed. Subsequently, the effectiveness of Sustainable HRM practices and individual differences used by employees as the external and internal coping resources to minimize the psychological and the social aspects of harm upon employees, and the employee work related health treatment costs to the community are also analyzed.

Most research on downsizing focuses on its organizational impact or effects on the survivors, and little has been studied about the victims of downsizing (Clarke 2007). However, in the European HIRES project (Kieselbach et al. 2007), there was found evidence that employee downsizing has a significant detrimental effect on the health of employees who are affected, including the so called survivors of restructuring. Therefore, the psychological, social and work related health harm of downsizing on employees and their families are explored in this chapter to better understand the issues involved (see also chapter "Social Sustainability and Quality of Working Life" in this volume).

An analysis of NE of downsizing is undertaken based on the theoretical relationships between the polarity of characteristics of NE of HRM and the harm indicators with each of the three aspects of harm. Also, an attempt is made, wherever possible, to discuss the impact of the selected harm indicators across the three aspects of harm of NE on the victims and the survivors. Subsequently, based on published secondary data, the costs associated with the psychological and social aspects of harm, and work related health treatment for the victims and the survivors and the community as third parties are estimated to indicate the NE of downsizing.

The downsizing literature clearly highlights that redundancies have negative impacts on victims as well as survivors. Devine et al. (2003) and Paulsen et al. (2005) in their respective studies of downsizing outcomes on the victim and the survivors found that downsizing outcomes are different for the victims and the survivors. Therefore, in this chapter the harmful aspects of downsizing are explored from both (victim and survivor) perspectives as each has to render a price to overcome the harm. Employee downsizing is regarded as highly stressful by the victims (Kinicki et al. 2000) and the survivors (Devine et al. 2003), and in turn this stress has different negative effects on them. For example, strained family relationships (Leana et al. 1998) among survivors and reduced subjective wellbeing among victims (Laabs 1999). Hence, downsizing as a HRM practice triggers stress and subsequently leads to varied psychological, social and work related health aspects of harm on employees (Devine et al. 2003; Price et al. 2002) and former employees. Therefore, work stress is used as a surrogate variable for NE of downsizing because there is no research available in the literature to explain the NE of downsizing.

This section reviews the costs rendered by employees and the community to alleviate the harm caused by the attributes of NE. However, the availability of published information on the costs to alleviate the harm of NE of downsizing is limited. Hence, the costs used in this section are only indicative and the purpose is only to underscore the message about the potential NE of HRM practices.

4.1 NE of Downsizing on Victims and Survivors

As discussed earlier, published information on work stress caused by downsizing is used to extrapolate the impact of attributes of NE of HRM practices on a selective few harm indicators of NE. The selected harm indicators are high work stress and suicide from the psychological aspect, and work/life balance and family breakdown/divorce from the social aspect of harm on the victims. Further, the work related health aspect of harm due to work stress on employees (both victims and survivors of downsizing) and their family members is also explained.

The high risk level of NE, as an attribute, caused by downsizing creates negative wellbeing upon the psychological aspect of harm for employees, and when negative wellbeing persists it can lead to job related suicide (Greenwald 2009). Keefe et al. (2002) found in their study of meat workers in New Zealand, who lost their jobs due to downsizing, that there was an increased risk of serious self-harm which led to hospitalization or death (suicide) when compared to the employed cohort. The high level harm of NE of downsizing increases the risk of work related illnesses such as depression (Price et al. 2002) and psychosomatic disorders (Kasl et al. 1998) among victims of downsizing.

The instantaneous manifestation attribute of NE of downsizing on victims explains the increase in the level of psychological strain due to the realization of job loss. Price et al. (2002) proposed in their study that a single discrete life event such as job loss due to downsizing triggers two different chains of adversities. These are as short-term (instantaneous) and long-term (time lagged) adversities. The occupational stress of downsizing among victims may have an instantaneous effect on relationships with family members (Repetti 1989), which is the social aspect of harm. The instantaneous externality of expected job loss due to downsizing decreases the quality of interaction with the family members (social aspects of harm) due to negative mood swings (psychological aspect) from occupational stress.

The time lagged attribute of harm of downsizing infers that the harm may manifest in victims after a period of time of implementing downsizing. Price et al. (2002) and Hamilton et al. (1993) revealed that among victims the job loss and financial strain over a period of time may influence depression and divorce (Bodenmann et al. 2007). Work related depression caused by downsizing maybe manifest only after a period of time following the beginning of downsizing incident.

The temporary and enduring harm are the two characteristics of the impact attribute of NE. In understanding the impact of these two characteristics on the harm indicators of victims of downsizing, initially the temporary harm is discussed followed by the enduring harm. Victims of downsizing experience a host of emotional and physiological problems as temporary harm. Kets de Vries and Balazs (1997) found that victims tend to neglect their appearance; they also tend to suffer from insomnia and loss of appetite along with preoccupation with negative thoughts. Victims of downsizing may be able to overcome this temporary harm once they regain employment.

The enduring impact attribute of NE refers to the permanence of harm. The enduring harm of downsizing may leave a permanent psychological scar on the victims due to the negative impact of depression etc. caused by job loss, and that negative impact upon victims' mental health remains even after they have regained employment. For example, Price et al. (2002) revealed that the chain of adversity appears to have a long lasting negative impact on victims' mental health, suggesting that even reversible life events such as job loss can have lasting effects upon those who experience them.

The avoidable and unavoidable characteristics of the avoidability attribute relates to the business environment context of downsizing. In the context based analysis of NE, it is assumed that the survivors have more negative exposure to the NE than the victims because irrespective of the business context the victims are displaced while the survivors continue their employment within the same organization.

The attribute of unavoidable externality of work stress triggers a 'wait and see' approach among survivors of downsizing due to learned helplessness (Waters 2007) which can lead to an increased level of anxiety (Kowske and Woods 2008) within the psychological aspect of work life. In turn, the increased level of anxiety results in a profound impact upon the survivors' health outcomes (Doby and Caplan 1995).

The avoidable attribute of NE relates to organizations that implement downsizing due to an avoidable environmental context. The avoidable attribute of NE impacts the survivors of downsizing more than the victims due to their increased workload after downsizing introduced as part of an organization's turnaround strategy to improve organizational performance. Likewise Cooper et al.

(2001) found that the survivors of downsizing experienced higher levels of occupational stress due to increased job demands.

Organizations may increase the survivors' workload to turn around an organization from performance failure by either using retrenchment or repositioning strategies. To illustrate, Boyne and Meier's study (2009) found that turnaround strategies work equally well as a repositioning strategy during an attempt to recover from the decline of failing school districts in Texas, a public service operating in the task environment. Further, Castrogiovanni and Bruton's (2000) study showed that retrenchment may not be a universally desirable strategy in the business turnaround process because retrenchment did not seem beneficial following the acquisition of distressed firms. In this context, the survivors may perceive an increased workload caused by retrenchment for turnaround strategy as avoidable and hence unacceptable to them because the organization operating in a task environment could have chosen the repositioning strategy instead of retrenchment. Therefore, the NE of increased workload due to retrenchment in an avoidable task environment context is envisaged to have harm on the survivors. For example, Armstrong-Stassen and Cameron (2003) revealed the long-term damage of hospital downsizing on nurses' intentions to stay in the profession. Baran et al. (2009) indicated the plight of the retrenchment 'survivor syndrome' and the impact of perceived job insecurity on the survivors' mental and physical health.

In summary, it can be inferred from the analysis of the link between the attributes of NE and the harm indicators of downsizing that there is a clear indication of NE. That is, downsizing leads to negative wellbeing, marital adjustment issues, depression, psychosomatic disorders due to the psychological, the social and the work related health aspects of harm on the victims and the survivors. The costs of work related health treatments therefore are borne by communities through the universal health care system in Australia as well as other countries with similar health care systems, and hence it can inferred that downsizing has the potential of NE. For example, in the USA, the treatment of psychosomatic complaints with no organ damage among employees is equivalent to 25 % of outpatient treatment costs (Cummings 1993) to the community. The treatment costs for depression is USD 5,415 (Druss et al. 2000), and for psychosomatic disorders is USD 3,070 (Shaw and Creed 1991).

The harmful aspect of downsizing also impose costs on victims in terms of reduced average salary received (Mirvis and Hall 1996) when a change of profession is required after retrenchment. Furthermore, this section has discussed that divorce caused by the harm of time lagged attribute of downsizing is a cost to the victims and the survivors. Divorce in the USA costs approximately $30,000 for an individual employee (Schramm 2006). Therefore, based on the costs imposed by organizations on the third parties due to downsizing as a turnaround practice, the existence of NE in downsizing practice is clearly highlighted. In the next section, the focus will be on exploring coping resources that individual employees and HRM have or can develop in order to reduce the harmful effects of downsizing.

4.2 *External and Internal Coping to Minimize Harm of Downsizing*

4.2.1 Effectiveness of Sustainable HRM Practices as a Coping Resource

In the Sustainable HRM literature, Mariappanadar's (2003) definition of sustainability includes that downsizing should be used to achieve business goals without harming third parties, such as employees, their families and the community. Further, Ehnert's (2009) definition of Sustainable HRM explains that HRM practices should enable organizational goal achievement while not depleting the HR base of the organization. Therefore, in this section, those practices used by organizations to counter the NE of downsizing that are similar to the Sustainable HRM strategies proposed by Mariappanadar and Ehnert are explored. For example, Ehnert suggested that sustainable practices can make the best of a precarious situation as well as not deplete the HR base for the organization. Mariappanadar (2003) indicated that HR transformation, where organizations invest on downsizing survivors to encourage them to acquire new skills to maximize output, can reduce the harm of downsizing on employees and the community. Further, Kets de Vries and Balazs (1997) suggested providing the victims with tangible caretaking services (such as outplacement consulting and psychological and career counseling), actively trying to help them find new jobs, and assisting them in bridging the transition period. These Sustainable HRM practices can make the best of a difficult situation as well as not depleting the HR base for the organization.

4.2.2 Individual Differences of Victims and Survivors as a Coping Resource

The psychological sense of personal control plays an important mediating role between the attributes of NE and the harm indicators of downsizing upon the victims and the survivors. Personal control is characterized as locus of control, efficacy, hardiness and helplessness (Price et al. 2002). Price et al. found that a reduction in personal control as a coping resource leads to elevated symptoms of depression and adversely impacts on role and emotional functioning among the victims of downsizing. However, for the victims, Paulsen et al. (2005) found that issues of personal control appear to be less important in the aftermath of downsizing either because the benefits of change are apparent or the change situation is no longer uncertain. Further, they also found that job uncertainty in the lead-up to downsizing and throughout such an event is stressful for survivors because it weakens their sense of personal control, which in turn, reduces their ability to cope with job uncertainty.

In summary, it is indicated in the literature that Sustainable HRM practices and individual differences of the victims and the survivors of downsizing have the potential to moderate the impact of NE on the victims and the survivors. However, the model of NE for Sustainable HRM practices provides a new framework of attributes to NE to explore in future if the Sustainable HRM practices, such as care taking services, HR transformation and work design, organizations can still achieve their business goals and also reduce the harm of NE of downsizing on the victims and the survivors. Furthermore, the model proposes future research to examine if individual differences of the victims and the survivors have the potential to moderate the harm of NE of downsizing along with the Sustainable HRM practices introduced by organizations to minimize the harm of downsizing.

5 Conclusion

The Sustainable HRM practice suggests that organizations should implement strategies and practices that help organizations to achieve effectiveness as well as cause less harm to third parties, such as employees, their families and communities. As there is very little research available in the HRM literature from the institutional economics perspective on the harmful aspects of HRM practices on employees, their families and communities, this chapter has identified the importance of early identification of the harm of NE and costs associated. Ideally, this would lead to the introduction of Sustainable HRM strategies before the harm of NE depletes the HR base for the affected organizations as well as of other organizations that will depend on this HR base for future engagements.

In this chapter, an attempt has been made to highlight the NE of HRM practices. To understand the costs of harm of HRM practices imposed on the third parties, the model of NE for Sustainable HRM practices has been proposed. The model includes the attributes of NE and the harm indicators of NE of HRM practices. The attributes of NE are the level, manifestation, impact and avoidability, which are used to measure the NE of HRM practices. The harm indicators are used to identify the harmful aspects of HRM practices, and are clustered into the psychological, social and work related health aspects of harm.

The proposed model of NE for Sustainable HRM can help HRM practitioners and researchers to identify the attributes of NE of HRM practices that have harmful consequences on employees, former employees and the third parties (i.e. families and the community). Managers with information on the harmful consequences of NE can determine the priority for corrective actions, such as Sustainable HRM practices, to minimize the impact of NE on the third parties. Therefore, it is important to develop concepts to understand the harm of NE of HRM practices. Future research can focus on validating the attributes of NE of HRM and its relationship with the harm indicators, and the associated costs for the third parties. Investigations should also be undertaken to discover the impact of the attributes of NE of HRM practices on the other harm indicators not analyzed in this chapter, and by including additional new harm indicators to the model.

An attempt has been made to analyze the costs of NE of downsizing on the victims and the survivors of downsizing using the model of NE for Sustainable

HRM practices. There is mixed evidence in the literature suggesting the benefit of downsizing that organizations have used as a turnaround strategy. However, the analysis of published information on downsizing revealed that NE of downsizing exists and impacts upon employees, their families and the community. Communities have to bear the costs to treat the victims, the survivors, and their family members who suffer from work related health issues, such as depression and psychosomatic disorders caused by downsizing. It was also revealed that the survivors and the victims have to bear the social costs of NE, such as divorce caused by downsizing. Further, the victims of downsizing may have to change their career due to the harm of downsizing and hence may earn a lower salary.

The Sustainable HRM practices introduced by organizations to counter the harm of downsizing, and individual differences of the victims and the survivors seem to have a moderating effect on the harm of downsizing. However, it is suggested that the model of NE for Sustainable HRM practices is used to empirically examine whether the Sustainable HRM practices and individual differences of employees do have a moderating effect on the harm of downsizing. Therefore, the model of NE for Sustainable HRM practices is a useful tool to measure the harm of HRM practices used by organizations, as well as help to evaluate the effectiveness of the Sustainable HRM practices introduced to counter the harmful aspects of NE.

There are limitations to this chapter, the information used to analyze the attributes of NE of downsizing have been extrapolated from the occupational stress literature. The costs of harm of downsizing for the victims, the survivors and communities are estimated based on available information in the literature and hence it has to be used with caution. However, these two limitations form compelling reasons to conduct more theoretical and empirical research on the NE of HRM practices. Finally, many concepts used in this chapter are not common in management or HRM literature and they are drawn from the field of social economics, environmental science, social indicators for public policy and public management. Hence, there is a need for more interdisciplinary research to develop Sustainable HRM perspective in HRM and management fields.

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A Stakeholder Perspective for Sustainable HRM

Literature Review and a Research Agenda

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Abstract Sustainability and stakeholder theory and management are two interrelated topics, because stakeholder's claims impact on the social, environmental, and economic performances of the organization. Indeed, a cooperative relation between the company and its stakeholders can trigger the development of the company sustainability. Within this perspective, the chapter explores Sustainable HRM from a stakeholder perspective. As a result, some knowledge gaps are highlighted and a research agenda composed of theoretical, managerial and methodological dimensions is advanced and discussed.

1 Introduction

There has been a recent burgeoning of interest by many companies, industries, regions, countries and communities in building new approaches to address the complex problems that are associated with the broad topic of sustainability. These include challenges related to climate change, environmental deregulation, population growth and the associated resource shortages and competition, demographic shifts, social and economic inequities and unrest, and the like. By all accounts, accelerated generation of knowledge to address the emerging challenges is badly needed. Underpinning the research that will be presented in this chapter is the view that we are striving to achieve sustainable effectiveness in complex, interdependent systems populated by a wide variety of independent stakeholders, each with its own purpose. Following Shani and Mohrman (2011), we view sustainable effectiveness as the organizational capacity to innovate and change, to redesign the organizational systems and processes and, to develop new competencies and capabilities in order to address the firm's sustainability triple bottom line objectives (i.e. economic, social and environmental objectives). As such, most companies' success is dependent on their ability to integrate a wide variety of stakeholders. Those actors are integrated through the function of HRM. Thus, exploring sustainability – while focusing on stakeholders – through the human resources perspective is critical to organizational performance.

The general aim of this chapter is to analyze the available literature regarding Sustainable HRM from a stakeholder perspective, to highlight the knowledge gaps, and to develop a research agenda. The chapter is organized into four sections. The first focuses on the link between sustainability and HRM, clarifying the main concepts of sustainable development and sustainability and illustrating how those concepts can become guiding principles of the HRM system; the second section explores the link between sustainability and stakeholder theory and management, in a general management perspective. The third section examines the relationship between stakeholder theory and management and HRM. The fourth section integrates the three different content areas (sustainability, stakeholder theory and management and HRM), discussing the knowledge gaps of the literature available and, based on those knowledge gaps, we present a research agenda composed of theoretical, managerial and methodological issues.

2 Sustainability and HRM

2.1 Sustainable Development and Sustainability

As an emerging body of knowledge, sustainability and sustainable development have been defined in many different ways. Most authors begin by citing the World Commission on Environment and Development (WCED 1987), the ‘Brundtland Commission’: “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. For us, following Docherty et al 2008, sustainability means the dynamic state of becoming sustainable – a process founded on conscious efforts to create new opportunities for existence in multiple domains and at multiple levels, now and in the future. As such, by sustainable development we mean the active and coordinated efforts of a number of societal actors to support this dynamic state of sustainability. At the organization level, we agree with Holling (2001) who argued that the ability to create, test and maintain adaptive capability is at the core of the sustainability concept. Indeed, designing and developing adaptive capability is viewed as critical for organizational success (Worley and Lawler 2010). Lastly, at the individual level, sustainability is a concept that philosophy has addressed, because it has “an inherent ethical dimension, (. . .) related to the orientational aspects of the term – to its normative and evalutative meaning” (Becker 2012, p. 17).

2.2 Sustainability and HRM

Sustainability can be seen as the dynamic state of human resources regeneration and growth by integrating the activities of a large variety of stakeholders. Indeed, sustainability represents a revitalization of the firm’s strategy, processes and activities based on the direct engagement of senior managers (Reynolds et al. 2006) in a process of change (Smith 2003). In order to successfully manage this change process, companies need to develop management systems to enhance and support the development of the organization’s sustainability. One of the management systems that is critical in the development of corporate sustainability is the HRM system, since this is positioned in most companies to have a major impact on the design and implementation of practices that can enhance the organization’s sustainability drive (Davenport 2000; Ramus and Steger 2000; Vickers 2005; Daily and Huang 2001). Furthermore, HRM practices of the 21st century are challenged to meet needs and integrate the growing number of stakeholders’ needs (Colakoglu et al. 2006; Ulrich and Brockbank 2005) and to support the long-term viability of the company (Boudreau and Ramstad 2005).

Although sustainability has become relevant in many areas of research, it has received comparatively little attention from HRM researchers (Boudreau and Ramstad 2005). The literature linking sustainability and HRM seems to present a lack in consistency, as it relies on different disciplines, assumes definitions of sustainability very diverse and sometimes contradictory, and seems not to be fully integrated with the traditional HRM literature (Ehnert 2009; see also chapter "Sustainability and HRM" in this volume). In particular, previous contributions on the issue could be traced back to two different streams: sustainable work systems, and Sustainable HRM.

The contributions included in the sustainable work system stream pointed out that the intensity of labor has negative impacts on workers' health (e.g. Docherty et al. 2002a, 2008), such as work-related stress symptoms, work-dependent psychosomatic reactions, burnout, and others (Kira 2002). Moving from these findings, this stream of research focused on the solutions that companies should find to prevent negative outcomes of intensive HR deployment, such as fostering skills, co-operation, trust, motivation and other organizational elements (Docherty et al. 2002b, p. 11). Beyond this core idea, the sustainable work system perspective affirms that a sustainable firm must be one that is engaged in balancing the quality of the working life and organizational performance, with sustainable change processes and employment (Docherty et al. 2002b).

The other stream of HRM research, is based on the concept of Sustainable HRM, which is defined as

> the pattern of planned and emerging human resource strategies and practices intended to enable organizational goal achievement while simultaneously reproducing the HR base over a long lasting calendar time and controlling the self-induced side and feedback effects of the HR system on the HR base and thus on the company itself. (Ehnert 2009, p. 74)

Sustainable HRM can be considered as an extension of Strategic HRM (Ehnert 2009), which has been defined as "the pattern of planned Human Resource deployments and activities intended to enable the firm to achieve its goals" (Wright and McMahan 1992, p. 298). In general, the studies included in the Sustainable HRM stream of research extend the Strategic HRM focus because the contributions of the HRM system to the success of the organization is intended in a broader sense, that is a contribution to economic-financial, social and environmental performances; in addition, the temporal perspective for evaluating those contributions moves from a short-term to a long-term perspective.

The analysis of HRM from a stakeholder perspective might be considered as a specific sub-field of this second stream of studies. Indeed, in light of sustainability principles, this sub-field has the aim to investigate the role of stakeholders in broadening the contributions that the HRM system provides to performances of the firm.

3 Sustainability, Stakeholder Theory and Management

3.1 The Role of Stakeholder Theory and Management in Corporate Sustainability

The concepts of sustainable development and sustainability are consistent with the stakeholder theory, as these are concerned with value creation on multiple fronts, with social justice, with stability, and with the role of business in society (Dyllick and Hockerts 2002). In fact, if value creation is the final objective of a company (Rappaport 1986; Mills and Weinstein 2000; Jensen 2001; Grant 2002), in order to achieve this purpose, the firm cannot ignore the context in which it operates or the overall achievement (or lack of achievement) of value. A network of relationships connects the company to a great number of interrelated individuals and constituencies, called stakeholders (Freeman 1984; Donaldson and Preston 1995; Post et al. 2002). These relationships influence the way a company is governed and, in turn, are influenced by the company's behavior. In more depth, Post et al. (2002, p. 8) emphasize that "the capacity of a firm to generate sustainable wealth over time, and hence its long-term value, is determined by its relationships with critical stakeholders' and 'any stakeholder relationship may be the most critical one at a particular time or on a particular issue".

Convincing examples on that are well documented in literature. Examples of the criticality of stakeholders are provided by the protesting and boycotting campaigns carried out by NGOs against various companies (e.g. Klein 2000; Hertz 2001; Bandura et al. 2002; Bakan 2004): the pressure of some specific stakeholder groups forced those firms to adjust business goals and objectives as well as work systems so that economic, ecological and social performances targets would be accomplished. Yet, examples of the relevancy of stakeholders are the partnerships between businesses and nonprofit organizations, that management literature considers an increasingly prominent element of corporate social responsibility implementation and corporate sustainability development (e.g. Seitanidi et al. 2010).

In this perspective, value creation processes are broad and shared and meet, in different ways, stakeholder expectations. For this reason it is possible to make a shift in the generally adopted notion of value and introduce the concept of stakeholder value (Figge et al. 2002). In this perspective, Carroll and Buchholtz (2011) assume that companies have "multiple bottom lines": if the financial bottom line primarily addresses the stockholders', or owners', investments in the firm, the other bottom lines (that companies are requested to measure and appreciate) address the interests of the company's stakeholders. Elkington (1998) suggested that to maintain stakeholder support companies must focus on three bottom lines- financial, social and environmental which are often described as 'profit, people and planet'.

Consistently, the correlations between those concepts are theoretically recognized and empirically tested by literature.

From a theoretical point of view, Steurer and colleagues (2005) have advanced the idea that sustainability and stakeholder theory and management have three main similarities, which are: (1) they "build on normative foundations", and have significant ethical implications; (2) they "rely on participation", and are supposed to be implemented by societal consensus finding processes; (3) they both "aim at the integration of economic, social and environmental performances" (Steurer et al. 2005, p. 273). The existence of those similarities does not mean that sustainability and stakeholder management totally overlap, as few recent contributions have demonstrated (e.g. Clifton and Amran 2010). Indeed, the two concepts have different purposes: sustainability refers to principles and requirements that on organization *must* satisfy for being considered sustainable, whereas stakeholder theory is based on interactive and negotiation processes that result in an integration of the stakeholders claims with the corporate interest.

From an empirical point of view, the relation between sustainability and stakeholder theory and management has been demonstrated and discussed. For example, in a paper based on a qualitative and quantitative research process that involved 23 multinational companies, Konrad and colleagues found that: "the results of the report analysis and the survey presented in this paper indicate stakeholders do help to integrate the concept of sustainable development into the corporate world" (Konrad et al. 2006, p. 102).

Accordingly, as a conclusion of this section of the chapter, we assume that "sustainable development or sustainability (in business terms) is a construct whose foundational ideas are consonant with those of stakeholder theory and which allows such a bridge across to important global societal issues" (Wheeler et al. 2003, p. 16). In particular we agree with Steurer and colleagues who wrote: "sustainable development and stakeholder management can be regarded as two complementary, mutually reinforcing concepts with remarkable similarities" (Steurer et al. 2005, p. 274)

3.2 Stakeholder Theory and Management

Addressing the question of the correlations between sustainability and stakeholder theory and management, this section focuses in particular on the latter, that, in recent years, has been subject to the attention of numerous scholars, politicians and managers. Indeed, according to Freeman, stakeholders are "vital to the survival and success of the organization" (1984, p. 58). In particular, the concept of stakeholder and the stakeholder management processes are presented and discussed in this section.

To appreciate the concept of stakeholders, it is useful to understand the idea of a stake that is "an interest or share in an undertaking" (Carroll and Buchholtz 2011, p. 65). This idea can range from simple interest in an undertaking right across to a legal claim of ownership. Even if a broad set of definitions of "stakeholder" has been proposed in the literature (for an overview see Mitchell et al. 1997), the most cited definition states that a stakeholder is "any individual or group who can affect or is affected by actions, decisions, policies, practices or goals of an organization" (Freeman 1984, p. 25). The concept of stakeholders advanced in parallel with the expansion of the business enterprises. Indeed, from production view of the firm, where stakeholders were only those individuals or groups that supplied resources or bought products or services, a new view of the firm emerged. This view, called stakeholder view of the firm, advanced the ideas that a larger set of actors might be considered as stakeholder, and that managers should design and implement specific processes for managing stakeholders' expectations. The reasons for this development can be attributed to both normative and instrumental logic. The normative reasons emphasize the intrinsic value of stakeholders, seeing them as "an end". The instrumental reasons, assume that corporate performances can be improved by managing properly stakeholders, seeing them as "a mean".

Assuming one of those two reasons, various authors have studied the stakeholder management process from an organizational perspective (Frederick et al. 1988; Carroll 1989; Hosseini and Brenner 1992). This process is based on the assumption that "managers can become effective stewards of their stakeholders' resources by gaining knowledge on stakeholders and using the knowledge to predict and improve their behaviors in action" (Carroll and Buchholtz 2011, p. 73). The following paragraphs describe a five-phase stakeholder management process elaborated by Carroll and Buchholtz (2011). For each phase, a related model from the research on stakeholder theory and management is presented. We selected those models by an analysis of the most used textbooks of Business Ethics and Stakeholder Management (e.g. Carroll and Bocholtz 2001; Fraederick and Ferrell 2012; Parbotteah and Cullen 2012), in order to provide a general understanding on the basic concepts rather than a state-of-the-art of the research.

The first phase is stakeholder identification, and the key question is "What are the firm's stakeholders?". In this phase, management needs to identify not only generic stakeholder groups (i.e. employees or human resources) but also the specific subcategories included in the different groups (i.e. minorities, specific population of employees like women or high potential). A useful model for answering that question has been proposed by Wheeler and Sillanpaa (1997). This model classifies stakeholders in four classes. The first two classes have a direct relationship with the company, and they are: primary social stakeholders (investors, employees and managers, customers, local communities, suppliers and other business partners) that have a direct stake in the organization and its success; secondary social stakeholders (government and regulators, civic institutions, social pressure groups, media and academic commentators, trade bodies, competitors) with an indirect stake in the organization. In addition there are two other stakeholder groups with indirect relations with the company: primary non-social stakeholders (natural environment, future generations, and nonhuman species) that have a direct stake in the organization and its success; secondary non-social stakeholders (environmental groups and animal welfare organizations) with an indirect stake in the organization (Wheeler and Sillanpaa 1997).

The second phase of the process is the stakeholder qualification, in which the key question is "What are the stakeholders' stakes?" Management is to identify those stakes for the different stakeholder specific subcategories that often have different interests, concerns, perceptions of rights, and expectations. Literature provides many possible models for qualifying stakeholders, and a significant example might be the one suggested by Mitchell et al. (1997). This model proposes a typology of stakeholders based on three attributes: legitimacy, that is the perceived validity or appropriateness of a stakeholder's claim to a stake; power, that is the ability or capacity to produce an effect – to get something done that otherwise may not be done; urgency, that is the degree to which the stakeholder's claim on the business calls for the business's immediate attention or response. Further studies suggested that at least one criterion should be added: proximity that is the spatial distance between the organization and its stakeholders (Driscoll and Starik 2004).

The third phase of the stakeholder management process is based on the "cooperation/threat identification". In this phase the firm has to identify which are the opportunities to build decent, productive working relationships with stakeholders and which are the challenges, that is the situations in which the firm must handle the stakeholder acceptably or be damaged in some way (i.e. financially or in terms of its public image or reputation).

The fourth phase is based on the key question "What responsibilities does the firm have towards its stakeholders?" Those responsibilities might be (Carroll 1991): economic responsibilities, that is producing goods and services that society wants, selling them at prices perceived fair by society and able to provide a business with profits sufficient to ensure its survival and to reward its investors; legal responsibilities, to respect the ground rules and laws under which businesses are expected to operate; ethical responsibilities, that embrace those activities and practices that are expected or prohibited by society even though they are not codified into law; philanthropic responsibilities, including activities that are voluntary or discretionary, guided only by business's desire to engage in social activities that are not mandated, not required by law, and not generally expected of business in an ethical sense.

The fifth phase is based on the question "What strategies or actions should firms take to best address stakeholders?" This phase is based on the assumption that a multitude of alternative courses are available, and management must choose one or several that seem best; the variables that must be taken into consideration in this phase are: forms of communication, degrees of collaboration, development of policies or programs, collocation of resources (Preble 2005). Among others, a good example of model is the one proposed by Savage and colleagues (1991), which is based on a classification of stakeholders' potential for cooperation and potential of threats. The proposed strategies are four: (1) collaboration, to be implemented for stakeholders high on potential of collaboration and low on potential of threat; (2) monitoring, to be implemented for stakeholders low both on potential of collaboration and potential of threat for which the issue is to make sure that circumstances do not change and avert later problems; (3) defense, to be implemented for stakeholders low on potential of collaboration and high on potential of threat, in which the issue is to protect the organization from potential problems caused by stakeholders that do not seem interested in establishing positive, or supportive, relationships with the firm; (4) involvement, to be implemented for stakeholders high both on potential of collaboration and on potential of threat, in which the issue is to maximize involvement for enhancing the fact that those stakeholders are supportive (an example of this strategy are the alliances between companies and environmental groups).

Table 1 represents the stakeholder process illustrated above and lists the examples of models from stakeholder literature that might be incorporated in each phase.

The presented stakeholder management process requires organizations to develop internal resources for the proper management of which two main resources are needed. The first resource is a set of competencies, called stakeholder

Table 1 Stakeholder management process and example of models

Phases	Questions addressed	Examples of models
Phase 1	What are the firm's stakeholders?	Wheeler et al. (1997): social/nonsocial and primary/secondary stakeholder
Phase 2	What are the stakeholders' stakes?	Mitchell et al. (1997): legitimacy/power/urgency
Phase 3	What opportunities and challenge do the firm's stakeholders present?	
Phase 4	What responsibilities does the firm have towards its stakeholders?	Carroll, (1991): economic/legal/ethical/philanthropic responsibilities
Phase 5	What strategies or actions should firm take to best address stakeholders?	Savage et al. (1991): defense/integration/collaboration/monitoring strategies

Source: Elaborated from Carroll and Buchholtz (2011)

management capabilities (Freeman 1984). Those competencies are placed on three levels: a rational level, that entails the company identifying their stakeholders and stakes; a process level, on which companies develop and implement approaches, procedures, policies and practices by which they can scan the environment and receive pertinent information about stakeholders; a transactional level, that entails the management of the stakeholders transactions and engagement. The second important resource is the stakeholder culture (Jones et al. 2007), that embraces the beliefs, values and practices that organizations have developed for addressing stakeholder issues and relationships.

4 Stakeholder Theory, Management and HRM

The previous paragraphs underline how important it is for a company to know and deal with its stakeholders for developing its sustainability targets and ways of working, and how important it is that management systems are stakeholder-oriented for the development of corporate sustainability. The contribution of the HRM system is we believe one of the most relevant for improving corporate sustainability, and this implies that those systems must be designed, implemented, managed and evaluated assuming a multi-stakeholder perspective. In this section, the literature that addressed the role of the stakeholders in the management of the human resources is reviewed and discussed. As a starting point, we refer to Paauwe and Boselie who wrote:

> simply defining performance in its contribution to bottom-line financial performance does not do justice to the various actors (both inside and outside the organization) involved in either shaping of HRM practices or those affected by it; it is better to opt for a stakeholders' approach, which also implies opting for a multi-dimensional concept of performance. (Paauwe and Boselie 2005, p. 77)

Actually, the consideration regarding the importance of a stakeholders' approach in HRM can be traced back to the seminal writings of Beer and colleagues

(1984), that emphasized the objectives of other constituencies with an interest in HRM practices and subsequent performance of an organization (see also chapter "Sustainability and HRM" in this book). Despite this, lack in HRM literature on the stakeholder involvement has been recognized: "stakeholder theory is conspicuously absent from many discussions regarding the theoretical underpinning of HRM" (Greenwood 2002, p. 267).

Nevertheless, in recent years the growing awareness that HRM has to support the development of corporate sustainability by adopting a multi-stakeholder approach, has led few scholars to ask questions as to the role of HRM in generating value for the different corporate stakeholders. In the following paragraphs we report the findings of the main contributions included in this stream of research, that – from different points of view – have focused the following issues: (1) the reasons why HRM should adopt a stakeholder perspective; (2) who are the stakeholders of the HR system; (3) what are the specific managerial actions and activities that the HR department might take for effectively orienting the HR system towards the stakeholders' interests and needs.

In terms of "the why" – that is the reasons of the adoption of a stakeholder perspective in HRM – four main arguments can be distinguished in the literature. The first reason has been put forward by Jackson and Schuler (2003), who wrote:

> the principle that effective management requires attending to all relevant stakeholders is as true for managing human resources as for other management tasks. Human resource management practices cannot be designed solely to meet the concerns of the employees. Nor can they be designed by considering only their consequences for the bottom line. Organizations that are the most effective in managing people develop human resource management systems that meet the needs of all key stakeholders. (Jackson and Schuler 2003, p. 28)

In this case, it appears that HR mangers should assume a stakeholder orientation in a general management perspective. Indeed, the proposed reason seems to be about legitimacy: as other management systems within the company are stakeholder-oriented, the HRM system also has to adopt this stakeholder-oriented mindset in order to be consistent with the organizational context. This consideration points out that, to be effectively stakeholder-oriented, an HRM system must be included in a stakeholder-oriented set of managerial systems.

The second reason is more specific to the human resource management context. It has been proposed by Ulrich and Brockbank (2005), who, by focusing on the so-called HR value proposition, conceive it as a composition of five elements, which include "serving internal and external stakeholders". From this perspective, the reason for including this element is that HR professionals find themselves having to treat the company's key stakeholders in a unique and important manner, and that "HR is successful if and when its stakeholders perceive that it produces value" (Ulrich and Brockbank 2005, p. 11). Put differently, these authors argued that a stakeholder-based mindset is useful for improving the perceptions of the value added by the HR department to the organizational success; it implies that being focused just on the "value" that the HRM system creates for the financial bottom – line (in a shareholder perspective) is not sufficient for the HR department to be perceived of as a value-added unit for the organization. Within this framework, Colakoglu and colleagues (2006) stated that strategic human resource management research has mostly gravitated towards financial measures of performance in order to assess the effectiveness of human resources management initiatives. These authors argue that focusing on organizational performance mainly from the financial stakeholders' perspective is no longer sufficient, because the need to satisfy multiple stakeholders requires changing how companies measure the effectiveness of human resource management systems. Indeed, a stakeholder-oriented HRM system is crucial for monitoring intended and unintended impacts, and its effects on the stakeholders' satisfaction. This pushes organizations towards finding new HR metrics, to be integrated with the more traditional ones typically based on the financial outcomes.

The third reason why adopting a stakeholder perspective in HRM is the one proposed by Ferrary (2009), who argues that assuming a stakeholder perspective would make it possible to escape from a purely instrumental approach to human resource management, and to avoid reducing the understanding of conflicts within companies to mere antagonism between employees and their employers.

The fourth reason for adopting a stakeholder orientation in human resource management is an ethical one. The scholars who have advanced this chapter argue that adopting a stakeholder orientation in human resource management increases the perception of procedural and distributive justice (Simmons 2003), and prevents forms of employee engagement which aim to further the interests, not of the employee group, but rather (unethically) of the shareholders (Greenwood and Cieri 2007).

Once analyzed the reasons why HRM should adopt a stakeholder perspective, the questions "What are the stakeholders in the HR system?" raises. To this question, three possible answers have been put forward by the literature. The narrowest view is the one proposed by Ulrich and Brockbank (2005), who proposed that the stakeholders of the company HRM system are of four groups: investors and customers (considered external stakeholders) and employees and managers (considered internal stakeholders).

A broader view has been proposed by Colakoglu and colleagues (2006) who, to answer the question, assumed from literature (Hitt et al. 2005) that there are three primary groups of stakeholders that exert distinct pressures on organizations and are directly impacted by the performances of organizations. Those groups are: the capital market stakeholders group, which includes shareholders and major suppliers of capital such as banks; the product market stakeholders group, which includes the actors with whom organizations conduct business (i.e. primary customers, suppliers, unions, host communities); and the organizational stakeholders group, which includes managers and employees.

The third possible answer to the question about the stakeholders of the HR system is the broadest, because it assumes that those stakeholders are: owners and investors, customers, society, suppliers, unions, alliance partners, organizational members (Jackson and Schuler 2003). In addition, the authors who advanced a list of stakeholders proposed that each of these stakeholders have specific interests and needs, assumed to be as follows: owners and investors are interested in returns on investment and corporate reputation; customers are interested in the quality of services and products, speed and responsiveness, low cost, innovation, convenience; society in general is interested in legal compliance, social responsibility, and ethical management practices; organizational members are interested in fair pay and fair treatment, good quality of work life, long-term employment; suppliers, unions, alliance partners are interested in reliability, trustworthiness and collaborative problem solving.

The last issue that literature on stakeholder-based HRM covers regards the managerial actions and activities that the HR department might take for effectively orienting the HRM system towards the stakeholders' interests and needs. In particular, those recommendations regard: (1) which stakeholders are to be considered in the design, implementation, management and evaluation of the HRM system (Ulrich and Brockbank 2005; Jackson and Schuler 2003; Colakoglu et al. 2006); (2) what the stakeholders' stakes are and, in particular, which of the stakeholders' needs and interests are to be considered by the HRM professionals (Jackson and Schuler 2003); (3) which actions and activities a HRM department can take for contributing to the satisfaction of those stakeholders' needs and interests (Jackson and Schuler 2003; Ulrich and Brockbank 2005); (4) how a stakeholder-oriented HRM department can measure the effects of the HRM system such in way that satisfies the stakeholders' evaluation needs (Colakoglu et al. 2006).

5 Stakeholder Theory, Management, Sustainability and HRM

5.1 Integrative Critical Review

This section of the chapter critically reviews the integration of the contributions on sustainability, Sustainable HRM and stakeholder theory and management. The objective of this integrative review is to focus on "what we do not know", in order to point out the knowledge gaps in the existing literature to be addressed by future research. In particular, focusing Sustainable HRM from a stakeholder perspective, the review will focus three main issues: (1) the specific features of the literature on stakeholder based HRM, (2) the relation between the stakeholder based HRM literature and stakeholder theory and management in a general management perspective, and (3) the relation between the stakeholder based HRM literature and sustainability and sustainable HRM.

Considering the first point – that is the specific features of the literature on stakeholder based HRM – it emerges that the extant literature focused the whole HRM system of the company and a broad set of stakeholders. This wide focus implies that specific HR processes (e.g. recruitment and section) or HR practices (e.g. specific tools or tests for selection) are not analyzed from a stakeholder perspective. In addition, stakeholders are only partially differentiated in specific classes (e.g. internal or external stakeholders) with similar needs, goals and interests. As a result, the identification of different HRM processes and practices for different stakeholders or classes or stakeholders seems to be a third relevant area of development for future research.

Considering the relation between the stakeholder-based HRM literature and stakeholder theory and management in a general management perspective, two main results emerged. First, research on stakeholder-based HRM focuses only on three of the phases included in the stakeholder management process presented above, so that there are two phases that are completely unexplored (Phase 2: What opportunities and challenges do the firm's stakeholders present for the HRM system?, and Phase 3: What responsibilities does the firm's HRM system have towards its stakeholders?). Second, available research on stakeholder-based HRM does not seem connected with models that stakeholder management literature from a general management perspective proposed for each phase. In addition, it emerges that no available HRM literature refers to any other general models regarding stakeholder management, such as stakeholder management capabilities (Freeman 1984) and the stakeholder culture (Jones et al. 2007).

Lastly, it is possible to put forward few considerations regarding the relation between the stakeholder based HRM literature, sustainability and sustainable HRM. As presented above, stakeholder theory and management have been considered as similar and connected with sustainability. Unlikely, literature on stakeholder based HRM is barely connected with literature on Sustainable HRM. Indeed, focusing the stakeholder based HRM literature: (1) none of the four reasons why the HR system should be based on the stakeholders' interests and needs do clearly link the stakeholder orientation to sustainability, and (2) none of the contributions that addressed the issue of the identification of the stakeholders of the HR system are connected to the sustainability debate (e.g. the contribution of the typical claims of different stakeholders on the triple bottom line). Likewise, research on HRM and sustainability, and in particular both the Sustainable HRM stream and the sustainable work system stream, does not theoretically rely on stakeholder theory and management as a potential insight in developing a deeper level understanding of sustainability and sustainable development.

Based on the critical reflections presented above, it is possible to develop a research agenda regarding Sustainable HRM from a stakeholder perspective. The agenda is structured in three sections: theoretical development, managerial issues and methodological issues to be addressed by further research.

5.2 Research Agenda on Theoretical Developments

The emerging scientific knowledge on Sustainable HRM from a stakeholder perspective while significant can benefit from a more integrated perspective. One of the areas that can use some accelerated development is the missing link between stakeholder-based HRM, sustainability and Sustainable HRM. The development of an integrated theoretical perspective in general and between specific critical elements within and between the three emerging fields of knowledge would be of significant added value to the common body of scientific knowledge.

In this chapter we have argued that a stakeholder perspective in guiding the development of HRM practices and other management systems presents a potential new insight in developing a deeper level understanding of sustainability and sustainable development. The need to explore the conditions under which stakeholder orientation plays a role in facing the three key pillars of sustainability was advanced (Dyllick and Hockerts 2002). Our research suggests that key questions that need further investigation include: to what extent (and under which conditions) can stakeholder orientation: (1) support the integration of economic, environmental and social issues? (2) support the integration of short- and long-term perspectives in corporate decision making? (3) enhance consumption of the income and not of the capital?

Systematic research is also needed in the exploration of integration of the streams of research identified as Sustainable HRM and sustainable work systems with literature that addressed HRM from a stakeholder perspective. Considering the former, key questions may raise the contribution of a stakeholder orientation in HRM to: (1) the balance between the organizational goal achievement and the simultaneous need of reproducing the HR base over a long-time period; (2) the control of the unintended outcomes of the HRM system on the HR base and on the company itself (see also chapters "Sowing Seeds for Sustainability in Work Systems" and "Paradox as a Lens for Theorizing Sustainable HRM" in this volume). Moving to the sustainable work system, what insight and possible contribution to practice can a stakeholder orientation provide in the prevention of the negative impacts of the increased intensity of labor?

An integrated theoretical perspective that provides coherent links between the three scientific fields (sustainability, HRM, stakeholder theory and management) is missing in the emerging literature. Using as the point of departure system thinking, organization design, learning and development, we envision a possible integrated framework that is built on linking business context, business strategy, HRM strategy and key processes, stakeholders and sustainable effectiveness. The proposed integrated framework identifies the main factors influencing the evolutionary process and outcomes of an HRM-driven sustainable development effort. The formulation envisions three major sets of interrelated factors/processes with a number of variables that affect the sustainable development process and outcomes: (1) contextual factors that include macro-level factors (such as societal trends, industrial trends, cultural/political features), business factors (such as key organization features, business strategy, business design – structures and processes) and leadership factors (such as vision, perceived need for change, capacity to mobility resources for change); (2) stakeholders (i.e. who they are, what are their attributes and stakes), and stakeholders dynamics (i.e. the relations between the companies and specific stakeholders groups, stakeholders alliances) and key HRM features (i.e. HRM processes or specific HRM practices); (3) sustainable effectiveness features, that include economic, environmental and social performance indicators and require agility that would meet the diverse need of each stakeholder. Empirical investigations into the proposed relations between the different variables and factors is likely to shade light on the nature of the relationships and begin to establish a more integrated theoretical framework to guide further theoretical development and practice.

5.3 Research Agenda on Managerial Issues

A second set of issues requiring further scientific investigation centers on specific managerial issues. These issues are linked to the knowledge gaps that emerged, and in particular to that fact that available research (especially that available to typical managers) focuses only on a few of the phases included in the stakeholder management process and that there is a lack of connections with stakeholder management literature from a general management perspective. Research that "covers" those unexplored phases as well as research that analyzes the whole process and not just specific phases is needed if managers and other stakeholders are to be convinced that HRM can make a valued contribution to the multiple bottom lines of the organization. In addition, HRM literature will benefit from a deeper and more structural integration with models proposed by stakeholder management literature.

Key questions to be addressed might be: what are the stakeholders of the HRM system, and what subcategories might be created (i.e. social/ nonsocial, primary/ secondary as in the Wheeler and Sillanpaa model)? What are the stakeholders' stake in the HRM system, and the attributes that those stakeholders have (i.e.: urgency, power, legitimacy as in the Mitchell et al. model)? What responsibilities does the HRM department have towards its stakeholders (i.e. economic, legal, ethical, philanthropic as in the Carroll model)? What strategies or action should the HRM department take to gain the support of stakeholders (i.e. defense, integration, collaboration, monitoring as in the Savage et al. model)? To what extent can stakeholder management capabilities (Freeman 1984) and stakeholder culture (Jones et al. 2007) be considered an enabler of a stakeholder-based HRM?

As an example, interesting articles have recently been published about stakeholder involvement in the specific field of Human Resource Development, and in particular regarding training evaluation. Those studies started from the hierarchical evaluation model (Kirkpatrick 1998; Phillips 1996) that has been criticized because it assumes the point of view of the company's shareholders and lacks a multi-actor perspective. Some scholars applied stakeholder-based evaluation to training for intending to overcome this criticism, by including the different points of view of the stakeholder groups in the evaluation program's design and implementation (i.e. Michalski and Cousins 2000, 2001; Nickols 2005; Guerci et al. 2010; Guerci and Vinante 2011). Even if those studies have significant areas of development, they provided, combining *by design* stakeholder management and training and development literature, a set of managerial implications for HRD professionals to be implemented for managing and evaluating training programs within a stakeholder orientation. This stream of research might constitute a relevant reference for focusing the "how" of a stakeholder-based HRM, providing research-based recommendations to the community of HRM practitioners.

5.4 Research Agenda on Methodological Issues

As a part of the research agenda advanced in this manuscript, the last set of issues that can use further development centers on the process and content of research methodology.

Due to the lack of empirical research on stakeholder-based HRM, a need emerges for both quantitative research for validating the hypothesis on which theoretical contributions are based and qualitative research for inducting new testable theories (Eisenhardt 1989). In particular, there are three challenges for research methods in HRM research : (1) the need for more longitudinal studies, allowing research to analyze the impact of some HR practices on stakeholders, paying attention to the largely neglected issue of the anticipated lag between the introduction, implementation and impact of HR practices (Guest 2011); (2) the need for multiple sources of information about both the presence and the implementation of HR practices (Boselie et al. 2005); (3) the need for mixed methods research designs, considering that "research sophistication, and more particularly statistical sophistication, can become an end in itself" (Guest 2011, p. 10). In addition, sustainability, when integrated with HRM research and stakeholder theory and management, suggests more collaborative research efforts. Indeed, integrating distinctly different scientific bodies of knowledge with emerging organizational and managerial practices, requires investigations of collaborative nature. Collaborative management research (CMR) provides a platform, structure and processes for an investigation that also addresses the three above mentioned methodological challenges that HRM research is facing. The most comprehensive definition of CMR was advanced recently by Pasmore and colleagues:

> Collaborative management research is an effort by two or more parties, at least one of which is a member of an organization or system under study and at least one of which is an external researcher, to work together in learning about how the behavior of managers, management methods, or organizational arrangements affect outcomes in the system or systems under study, using methods that are scientifically-based and intended to reduce the likelihood of drawing false conclusions from the data collected, with the intent of both proving performance of the system and adding to the broader body of knowledge in the field of management. (Pasmore et al. 2008, p. 20)

As such, CMR that focuses on linking sustainability, sustainable development, HRM and stakeholder management perspective that occurs in an organizational setting within a specific business and industry context. Indeed, CMR, that involves true collaboration between practitioners and researchers while utilizing multiple scientific methodologies, is likely to both improve system performance and add to the scientific body of knowledge in the field of management.

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Fostering Corporate Sustainability

Integrative and Dynamic Approaches to Sustainable HRM

Paul J. Gollan and Ying Xu

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Abstract The central challenge for HRM under the corporate sustainability agenda is to move organizations to adopt sustainable practices and structures towards different organizational strategies and create a climate whereby employees' potential can be released for a system of renewal and regeneration. However, there is a gap between organization's intention to adopt sustainable HRM and some practical strategies or management tools for them to achieve such goals. Therefore, this chapter is primarily focused on the challenging question of *how* to realize sustainable HRM for the fostering of corporate sustainability. We argue that for organizations with varied levels of commitment to sustainability and different features of HRM involvement, their approaches to implementing sustainable

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HRM can be quite different. A typology of firms' sustainable HRM is thus developed and two different approaches are proposed: an integrative diagnostic approach which is more in line with interpretive systems theory and the CAS approach based on complexity theory, with a focus on the latter. The chapter concludes with implications and direction for future research and practice.

1 Introduction

Corporate sustainable development initiatives are becoming business imperatives and a likely resource leading to a firm's competitive advantage (Hart 1997; Porter and Kramer 2006, 2011; Porter and van der Linde 1995). Corporate sustainability is achieved through a balanced integration of the triple-bottom-line of business encompassing economic benefits, environmental stewardship and social responsibilities (Elkington 1997, 2001), whereby a complex system of renewal and regeneration is established (Wilkinson et al. 2001).

Corporate sustainable development clearly represents a challenge and an opportunity for HRM and HRM can play a valuable role, because

> (a) human resource is a function which presents greater potential to include the postulates of sustainability in the organisational scope (Vickers 2005); (b) modern human resource management and sustainable organisations require a long-term focus and actions which extrapolate the search for an exclusively economic performance (Wilkinson et al. 2001); (c) stimulating organisational sustainability is the current paradigm of human resource management (Boudreau and Ramstad 2005); and (d) modern human resource management has to be effective in order to meet the needs of the multiple stakeholders of a company (Colakoglu et al. 2006). (Jabbour and Santos 2008, p. 2134)

It is suggested that Sustainable HRM is the next phase, after strategic HRM, on the evolutionary path of human resource management (de Souza Freitas et al. 2011). In this phase, HRM is at the center of corporate sustainable development initiative. HR policies and practices are aligned with strategic directions of an organization, contributing to the organization's sustainable development outcomes (de Souza Freitas et al. 2011; Jabbour and Santos 2008).

Much has been discussed, in the literature and other chapters of this book, in terms of the definitions of corporate sustainability and the role of HRM in achieving such goals. However, there is a gap between organization's intention to adopt Sustainable HRM and practical strategies or management tools for them to achieve such organizational goals. Therefore, this chapter is primarily focused on the challenging question of *how* to realize Sustainable HRM for the fostering of corporate sustainability. To address this question, we will first present the key challenges (and opportunities) for HRM towards corporate sustainability and then develop a typology of firms' Sustainable HRM; next we will introduce an integrated framework for Sustainable HRM and the complex adaptive system (CAS) approach based on complexity theories to guide implementation of these varied types of Sustainable HRM. The chapter will conclude with implications and direction for future research.

The sustainable development concept of this chapter is in line with the definition in the Brundtland Report (World Commission on Environment and Development (WCED) 1987), whereas our analysis is at the organizational level.

2 Key Challenges for HRM Towards Corporate Sustainability

The vision of sustainability, as summarized by the World Business Council for Sustainable Development (WBCSD) and its collaborators, encompasses: a broad view of social, environmental and economic outcomes; a long-term perspective – concerned with the interests and rights of future generations as well as the people today; and an inclusive approach to action, which recognizes the need of all people to be involved in the decisions that affect their lives (WBCSD et al. 2008).

In general terms, organizational sustainability is a focus for a new value debate about the shape of the future, which requires organizations to maintain, protect and renew the viability of the environment; to enhance society's ability to maintain itself and enhance its capacity to solve major problems; to maintain a decent level of support and welfare for present and future generations; and extend the productive life of organizations and to maintain high levels of efficiency and performance to add value to society.

In line with the above, corporate sustainability also expects changes in structures, operation, priorities and values in HRM, with a clear focus on long term business success (Pears 1998) and an alignment of profit, planet and people within an organization. The environmental and social challenges are believed to be sharing important commonalities, and addressing one can help to progress the other (Dunphy and Benveniste 2000; Dunphy and Griffiths 1998): Human capability may facilitate environmental sustainability, and superior environmental performance also requires human resource practices that support the implementation and maintenance of environmental management systems (Daily and Huang 2001; Jabbour and Santos 2008, p. 2144; Wagner 2011).

In a wider context, improving the work and social environment could be a key contributor to improved employee satisfaction, commitment and productivity. As such, both can be used as key strategies under the corporate sustainability agenda, in building capacities in organizations for an integrated system of regeneration and renewal (Wilkinson et al. 2001).

This presents an opportunity for HRM to contribute to an organization's continuing competitive advantage, through involvement in creation of organizational strategies, recruiting and retaining top talent with a shared value; creating incentives for exceptional performance in harmony with the sustainable development goals of an organization; and enhancing or developing critical competences of workforces to respond to the changing demands and environment (WBCSD et al. 2008). Meanwhile, organizations need to recognize that to be even more successful in business terms they must make substantial contributions to the quality of life of their employees and the community, as well as sustaining and renewing the natural environment (Dunphy and Benveniste 2000). This means managers must confront the challenge of aligning the interests and needs of their business with those of their most important resource, that is people, to achieve and maintain productivity and competitive advantage (Wilkinson et al. 2001; Pears 1998). Yet this is not an easy task due to the shifts in mindset and behavior of modern employees, as well as the entrenched management practices and assumptions, which we discuss below. Meanwhile, we should point out that it is likely that the general shifts in mindset and behaviors are more likely to occur initially among the highly qualified or well-educated employees.

2.1 Challenges from the Shifts of Employee Mindset and Behavior

For many employees careers, as we have traditionally known them, no longer exist. Careers were predicated on progression through an organizational hierarchy, by seniority and/or merit and on security of employment. Instead careers are now becoming self-managed. Individuals assess their own worth and think strategically about placing themselves in the best possible employment position, acting as their own agent in a competitive, market-driven environment.

Companies are suddenly finding themselves in a position where much of the management skeleton that held the edifice together and the cultural 'oil' of loyalty that enabled this machine to function smoothly have largely disappeared. There is a crisis facing the management of human resources with staff turnover increasing, loyalty declining, stress levels rising and productivity growth diminishing (Dunphy and Griffiths 1998; Gollan 2000; Pears 1998). This is expensive for companies: for example in Australia, it is estimated that the cost of replacing an employee is between \$20,000 and \$50,000, suggesting that the ability to establish loyalty and trust is a high financial priority as well as an operational one (Dabkowski 2003). At the same time, new management philosophies stress that workers should be seen as empowered members of firms rather than antagonists in a confrontation between capital and labor.

Noticeably as well, the new generation of workforce is developing different attitudes towards work. As the trend to work longer and harder continues among the generation that has discovered the meaning of downsizing, organizational change and restructuring, and job insecurity, it should not be surprising that this new generation generally don't believe in loyalty, but are rather interested in experiences, learning opportunities and social relationships in their workplaces (Rance 2002). In a world where loyalty and commitment are no longer seen to be rewarded, those individuals who have increased their marketability and employ-ability, are taking control of their own future. They have also become more critical in selecting organizations they work for, seeking a better work-life balance, expecting employers to run their business in a more sustainable or socially responsible manner – a growing number of applicants, especially those in developed economies, pre-assess the social and environmental performance of companies before choosing an employer (WBCSD et al. 2008, p. 5).

Challenges also arise from the potential shift in power balance, between labor and management in modern organizations, due to the change of ownership of intellectual capital. With a growing emphasis on customized-quality consciousness in world business and increased use of new technologies, a new form of worker, often labeled as 'knowledge workers', has emerged from the 1990s. In this new knowledge-based society, the notion of commitment has also been redefined: the maintenance of intellectual capital or the 'corporate memory' is now seen as dependent on employee commitment and satisfaction. The intellectual capital of organizations is the knowledge, experience and ideas of employees which management attempts to codify and formalize to produce greater organizational value. While this knowledge and experience, is essential for the organization's success, it is now located at the lower levels of the organization among employees – they hence have the potential to shift the balance of power away from management. Professor Dexter Dunphy (2003) has added to the debate by suggesting that the HR traditional role of building human capital in organizations will intensify as the economy becomes more knowledge-based and intellectual capital is increasingly the key to an organization's success.

Facing the shifts of employees in mindset and behavior, selecting and retaining good staff is increasingly regarded as critical to how well organizations can adapt to change and build for a sustainable future. To address these challenges, Dr. Robin Kramar, director of the Centre for Australasian Human Resource Management at the Macquarie Graduate School of Management, has suggested that:

> This challenges HR professionals to find ways of increasing staff satisfaction at a time when technology is making many jobs routine and mundane. HR might need to redesign work to make it more challenging and also find ways of managing expectations. This may mean being a good corporate citizen with sound environmental and social policies. It is also likely to mean offering flexible work practices that help people find balance between their work and home lives. (as reported in Rance 2002)

2.2 Challenges from the Entrenched Management Practices and Theories

In addition to the shifts of employee mindset and behavior, the entrenched approaches in management practice and the underpinning theories, such as the agency theory and the economic liberalism assumptions, are also to be re-evaluated under the goals of corporate sustainability.

In practice, the slash and burn strategies and the established management approaches of downsizing have eroded the base of human resources in general

(Gollan 2000; Wilkinson 2005). These entrenched management practice with an aim of maximizing profit, have profound effects on employees, physiologically (e.g. health, even mortality) and psychologically (e.g. lowered self-confidence and increased stress), especially on those disadvantaged groups such as older workers and workers with disabilities (Pfeffer 2010; Vickers 2010) Furthermore, corporate sustainability requires a shift in HR management away from emphasis on human management to resource management for which organizations allows the needs and aspirations of individuals to be placed at the heart of the workplace (Gollan 2005). Challenge also arises from the need for HRM to shift its role in an organization from a functional department to a strategic partner centrally involved in strategic planning (Dunphy et al. 2003; Jabbour and Santos 2008). In reality, there is a clear gap: a survey on HR's role in corporate sustainability conducted by the Society for Human Resource Management (the world's largest association of HRM, representing about 250,000 members in over 140 countries) revealed a significant disconnection between HR's involvement in creating versus implementing sustainability strategy – only six per cent of HR was involved in the strategic planning of sustainability programs, whereas twenty five per cent was involved in the implementation of strategy (Society for Human Resource Management, Business for Social Responsibility and Aurosoorya 2011, p. 30).

Theoretically, if we are to achieve an integrated actioning of sustainability, the assumptions of traditional theory of agency and economic liberalism must be questioned (Huse 2003). In such theory individuals are seen as opportunistic and as one-dimensional economic units, not as social beings 'having social obligations where decision-making may be based on solidarity, and that trust may be the binding norm' (Huse 2003, p. 218). The assumptions of agency theory lead to 'short-termism' – longer-term relations are seen as most efficiently governed by 'social contracts' underpinned by the legal system with self-intrinsic motivation reinforced under share price and management financial incentives (Kochan 2003). Recognizing the integrated nature of sustainability, by contrast, we argue that management behavior should be based on pro-social intrinsic preferences. We base our argument on an acknowledgment of interdependency and the importance of having a strategic balance of knowledge and skills. But most significantly, we argue for the importance of knowing how to mobilize this mix of skills and knowledge to achieve social and environmental objectives. Knowledge management systems are ultimately transmitted in human networks based on human capability. The challenge is not only to make these networks effective but also to influence the development of a more holistic system for the creation and diffusion of knowledge.

In sum, the central challenge for the HR function, therefore, will be to move organizations to adopt sustainable principles, practices and structures towards different organizational strategies and create a climate whereby employees' potential can be released under a shared value of sustainability. Thus, HR policies and practices need to be integrated for sustainable business performance and positive employee outcomes of equity, development and well-being. Importantly, the role that HR function should play is as a strategic partner of business (Dunphy 2003) and

HRM is the centrality of corporate sustainability (Jabbour and Santos 2008). However this does not diminish the role that top management and other corporate functions have in the process of corporate sustainability development.

3 Typology of Sustainable HRM

Despite the rising public expectation and the overall trends in society, organizations are varied in their levels of commitment and approaches to pursuing corporate sustainability. To enhance understanding, classification schemes have been developed in management, corporate sustainability and CSR literature.

For instance, van Marrewijk (2003) differentiates firms' sustainability strategies on a continuum with which companies could self-determine their level of sustainable development according to their awareness, ability and ambition: from *Compliance-* or *Profit-driven* to *Caring*, *Synergistic* or *Holistic* corporate sustainability. For *Compliance-driven* sustainability, corporations provide welfare to society within the limit of regulations and conform to the social driven business norms. Whereas with *Holistic* corporate sustainability, sustainable development is fully integrated and embedded in every aspects of an organization and the motivation is that sustainability is the only alternative since all beings and phenomena are mutually interdependent.

Similarly, Dunphy et al. (2003) proposed a phase model which implies a process, through which a firm may evolve over time to gain true corporate sustainability: from *Rejection*, *Non-responsiveness* or *Compliance* to *Efficiency*, *Strategic Proactivity* and ultimately the *Sustaining Corporation* phase. At the *Sustaining Corporation* phase, the major objective is to redefine the business environment in the interests of a more sustainable world and to support the core strategies of an organization. Such a business environment can be redefined to acknowledge how organizations are related to each other and work together. For example, from a supply chain perspective, a true sustainable organization does not just engage in the process itself, but also requires and/or helps their suppliers/partners to undertake the same course, as evidenced in the cases of leading companies in sustainable development, such as Toyota and Westpac.

These organizational level strategies of sustainable development will subsequently affect the expectations on HRM. Dunphy et al. (2003) suggest that organizations in the efficiency phase of corporate sustainability have different requirements for human sustainability systems than for organizations in the strategic phase. In the former phase, HR and environmental policies and practices work together to reduce environmental costs and increase efficiency. In the latter phase, advanced HR policies encourage creativity and innovative potential. Arguably, as corporations move towards sustainability, the integration of human and environmental elements of sustainability becomes more important. Developing human capabilities using effective HR management systems, implementing team-based approaches and ongoing training and development play an important role in enabling eco-efficiency measures to be made. As organizations move beyond efficiency and adopt a value-added/ innovation approach to sustainability, key capabilities and competencies such as strategic flexibility and leadership, building employee commitment and collaborating with a wide range of stakeholders become key attributes (Dunphy et al 2003).

Additionally, how HRM is involved in the process of sustainable development is also determined by the decisions or preferences of the organization's management, based on their understanding of the phenomena and leadership style.

As such, a classification scheme of Sustainable HRM will greatly enhance knowledge of this concept, its business implications and implementation. Classification is an important aspect of any type of scientific investigation (Hawes and Crittenden 1984; Frank and Green 1968). It is a particular fundamental and useful tool for organizational study (Miles and Snow 1978; Porter 1980; Miller and Roth 1994). However, Sustainable HRM is an emerging research area and the classification scheme of Sustainable HRM is also new. To contribute to the research in this emergent area and assist our further discussion on how to realize sustainability goals through Sustainable HRM, we will hereafter attempt to develop a typology of Sustainable HRM.

As discussed, Sustainable HRM is influenced by, and is an integral part of, overall organizational strategy. An important feature of HRM in an organization is whether it has involvement in strategic planning or is primarily focused on implementation (Dickmann and Müller-Camen 2006; Jabbour and Santos 2008). This has also emerged as a key differentiator of HRM under the sustainability agenda (de Souza Freitas et al. 2011; Jabbour and Santos 2008; Society for Human Resource Management et al. 2011).

Therefore, we propose the following typology along these two important dimensions/ continuums (see Fig. 1): *level of organizational commitment to sustainability* (from compliance to an intrinsic case), and *feature of HR involvement* under the corporate sustainability agenda (from primarily focused on implementation to being extensively involved in strategic planning). Under this classification, there are four broad types depicted along the two dimensions.

The *Compliance Personnel* class is featured with a functional focus in HRM under an organisational sustainability strategy towards compliance. Organizations in this group provide welfare to society and staff within the limit of regulations and conform to the social driven business norms, and HR's role is predominantly implementation with no, or very limited, involvement in strategic planning.

With the *High-involvement* HRM category, HR is involved in strategic planning of an organization, yet the organization's sustainability initiative is still compliance oriented. Organizations in this group are more likely to be profit-driven and HR's role is to be strategically involved in, as well as to implement, HR policies satisfying the profit maximization objectives within the limit of regulations and the basic social business norms.

For the *Responsible Personnel* group is on the other hand: there is a high level of intended commitment to sustainability and the associated value is likely to be part of the organizational culture, hence the company is environmentally and socially

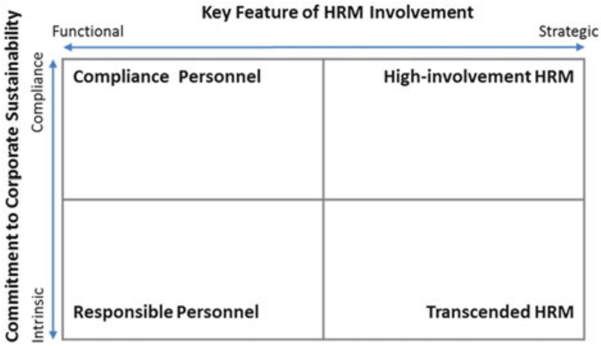

Fig. 1 Typology of Sustainable HRM (Source: Own elaboration)

responsible. However, HRM is not part of the strategic planning – HR's role is primarily confined to implementing the strategies decided among the top hierarchy of the organization.

Whereas in the category of *Transcended HRM*, it is not just that sustainable development is an intrinsic part of the organization, embedded in the organization's culture and strategy, HRM is also the centrality of the strategic planning for sustainability. Such organizations take a holistic approach to achieving corporate sustainability and are likely a leader in the sustainable development front. People are seen as the most valuable resource here and HRM are adding strategic value to the organization in the process of change and the goal is to build an integrated system of regeneration and renewal.

There are various ways to differentiate organizations according to their sustainable development initiatives and HRM practices. The typology developed above is based on differentiated stands in organizational commitment to sustainability and different approaches of HRM involvement. The idea is that depending on an organization's knowledge, ambition and ability, it may adopt any of these corporate sustainability stands and HRM practices, and may also choose to change in any time at a desired pace, being it gradual or radical. For example, the Interface Carpet led by Ray Anderson (a progressive leader in corporate sustainability) has adopted a rather radical approach to corporate sustainable development and HRM, where "people have always been at the center of Interface's approach to sustainability" (Society for Human Resource Management et al. 2011, p. 73; Porter 2008). Whereas in Alcatel-Lucent, there is a high level of commitment to sustainable development, however HR plays a more important role in implementation or execution of the corporate sustainability strategy (Society for Human Resource Management et al. 2011, p. 70). In the following section we will introduce two different approaches to accommodate these varied groups of Sustainable HRM for rationales we discuss.

4 Integrative and Dynamic Approaches Required

We consider all HRM strategies and practices aligned with organizational sustainability objectives are under the broad Sustainable HRM umbrella. However, we argue that with different organizational stands in sustainability and a mixed HRM approach, due to their varied underlying ideology, awareness, ambition and ability, effective management tools or approaches to implementation can be quite different for the organizational groups defined above. We will discuss two applicable approaches in this chapter: the first one is based on an integrated diagnostic framework, and the second one is based on complexity theory and the complex adaptive system (CAS) thinking, with the latter one being our primary focus of this section.

4.1 An Integrated Diagnostic Framework and Its Implementation

Corporate sustainable development requires organizations to take a more holistic and integrated approach to people management. Previous studies have attempted to identify ways that HR could have an influence for the outcome of corporate sustainability. For instance, from a Sustainable HRM perspective, Ehnert (2009, p. 54) has identified the following instruments as relevant: HR development, design of reward systems, consideration of sustainability in the company's goals, strategies and organizational culture, as well as recruitment, HR marketing, HR care (e.g. job security, health promotion), HR deployment (e.g. flexible working time models, work-life balance, sabbaticals), and trust-sensitive, participative leadership. For defining the central role of HRM in the search for organizational sustainability, Jabbour and Santos (2008) suggest that HRM could contribute simultaneously to innovation management, the consolidation of cultural diversity and the improvement of performance in environmental management though developing organizational change in such as value, competencies and organizational ethics, and aligning functional dimensions through recruitment, training, performance evaluation, reword and so on.

Gollan (2000) has developed an integrated framework with major factors, influences and outcomes of Sustainable HRM. This is still of relevance to the current context. Drawing on literature and empirical evidence discussed above, we amend Gollan's (2000) framework by including important outcomes previously discussed such as equity, development and well-being, outcomes from employees' perspective, and the impact of Sustainable HRM on external stakeholders such as the natural environment and the community. We have also amended external factors as an influence (Fig. 2) on Sustainable HRM. By adding the external factors into the model as drivers, the framework has extended its scope beyond the boundary of an organization and enables it to take into account changes required

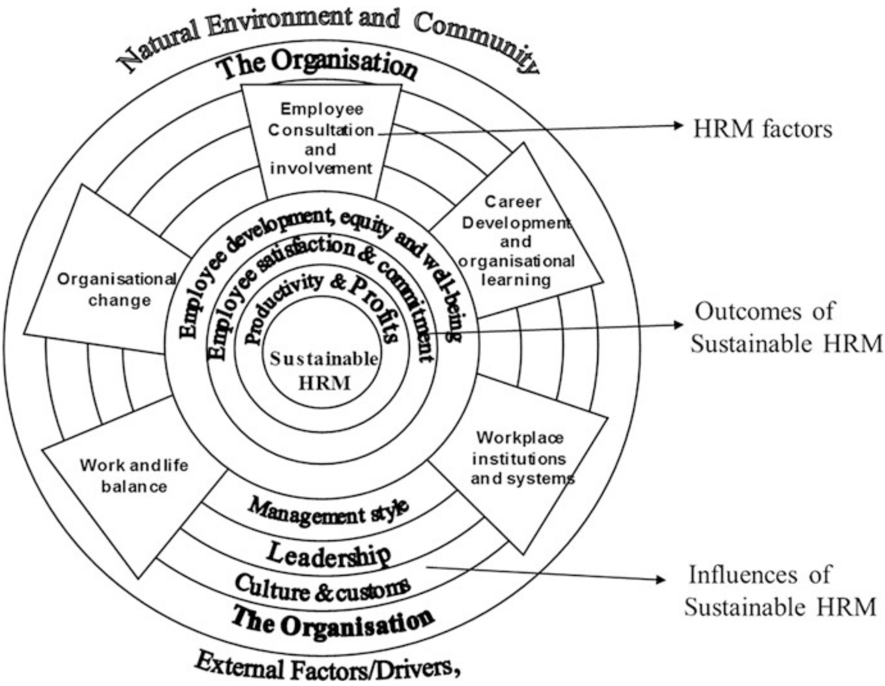

Fig. 2 Factors, influences and outcomes of Sustainable HRM – an integrated framework (Source: Adapted from Gollan (2000))

by regulations, market, technology and the natural environment, as the reality is more likely to be.

While not intending to be exhaustive Fig. 1 identifies five major factors in the debate about HRM contributing to corporate sustainability, namely organizational change (e.g. value and behavior), workplace institutions and systems (e.g. recruitment and reward policies), career development and organizational learning (e.g. training and capability enhancement), employee consultation and involvement (e.g. innovation), and work and life balance. For a more detailed discussion on how these factors contribute to corporate sustainability, see Gollan (2000).

Essentially the model defines Sustainable HRM in terms of the capacity of organizations to create value, within their structure and systems thereby having the ability and capacity to regenerate value and renew wealth through the application of human resource policies and practices. This will entail investment in human knowledge through continuous learning, and the application and development of such knowledge through employee participation and involvement. In addition, the model identifies three main drivers (culture and customs, leadership, and management style) for organizations adopting Sustainable HRM strategy and examines their impact on employee satisfaction and commitment and on the traditional organizational objectives of increased productivity and profits. Importantly, the model suggests that for corporate sustainability to be achieved, the HR policies and practices need to be integrated for sustained business performance and positive employee outcomes of equity, development and well-being.

Drawing on Porter's (2008) discussion on interpretive approach to the implementation of corporate sustainability, we argue this integrated diagnostic framework can work as one systems model, for the inquiry and realization of Sustainable HRM. Different from a linear model, the above framework views Sustainable HRM as a process, which typically proceeds in 'iterative, cyclical and non-linear' fashion (Gioia and Pitre 1990, p. 588). This model is more useful for organizations in the *Compliance Personnel, High-involvement HRM* and *Responsible Personnel* categories, of which either the radical change required by corporate sustainability is not yet part of the organizational strategy, as with the *Compliance Personnel* and the *High-involvement HRM groups*, or HRM is not extensively involved in such strategy, as possibly in the case of *Responsible Personnel*, hence the required contribution and centrality of HRM could be compromised.

For these organizations, the integrative framework is needed as a diagnostic tool for identifying the most acute issues and areas that HRM may have a valuable contribution, within the limit set by organizational goals to sustainability and/or level of HRM's involvement. The implementation is intended to inquire firstly into, rather than immediately solving Sustainable HRM issues, through an ongoing dialogue with multiple stakeholders of an organization, an ongoing process will then emerge, consisting of examination, learning, reframing and action, based on a shared understanding of issues and process addressing them. For instance, in Hitachi's case, "social innovation" has been identified as the focus of their corporate sustainable development strategy, hence became the focus of the company's Sustainable HRM. Applying the diagnostic framework, Sustainable HRM factors influencing innovative capability, such as career development, organizational learning, employee consultation and involvement should be areas of top priority (Society for Human Resource Management et al. 2011)

Whereas for *Transcended HRM* an approach based on complexity theory and complex adaptive system (CAS) thinking can be more useful as discussed next.

4.2 Complexity Theory, CAS and the Application

4.2.1 Complexity Theory and CAS

Complexity theory has its roots in hard science (later known as cybernetics), and was synonymous with bottom-up computer simulation not long ago. However, in the past five to ten years there is an increasing acknowledgement of the profound philosophical implications of complexity thinking and the value of qualitative methodologies to the understanding of complex organizational problems, such as organizational transforming, corporate strategy and organization design (Richardson 2007; Van Uden 2005).

Complexity theory contends that within complex systems, "many agents, elements, and subsystems interact in densely connected networks," (Espinosa and Porter 2011 p. 56). Different from the conventional linear systems or merely complicated systems, complex systems are non-reductive, indivisible into smaller units – the whole cannot be understood by being divided into parts (Espinosa and Porter 2011; Wulun 2007; Richardson 2008).

There are six core dimensions/principles to complex systems, as summarized by Espinosa and Porter (2011, p. 56–57): self-organization (signifies a spontaneous and bottom-up process), nonlinear feedback and coevolution of agents, emergence (of novel patterns, structures, and properties), path dependence (hence context and history matters), and emergent adaptations likely to occur at micro-sites or "fitness frontiers" – the edge of chaos as some call it. Adding to this, Mitleton-Kelly (2011) has also noted the multi-dimensional nature (e.g. social, cultural, physical, economic, technical, political) of a complex system, therefore suggests focusing only on a single dimension is not sufficient (Mitleton-Kelly 2011).

It is worth noting however, that not every complex systems are adaptive, nor that every emerging adaptations increases the system's chances of survival – it does only when the emergent order enhances the functioning or "fitness" of the entire system and the system is thus a complex adaptive system (CAS) (Espinosa and Porter 2011, p. 57; Kauffman 1993; Rihani 2002).

An emerging stream in the corporate sustainability/ CSR literature suggests viewing organizational sustainability through the lens of CAS, given their consistent underpinning philosophy or understanding of the world (eco- or human systems) as an ever evolving cyclic process of renewal and regeneration, during which interactions and exchange of information take place at multiple facets (Espinosa and Porter 2011; Porter 2008; Mitleton-Kelly 2011; Norberg and Cumming 2008; Benn and Baker 2009). For instance, Benn and Baker (2009) identified shortcomings of the earlier versions of organizational development approaches, such as the action research and team building approaches due to their focus on the dualistic relationship between nature/ employee, employee/ organization etc. Considering the complex reality of the focal phenomena and the many contingency factors involved and the interrelatedness, they propose to view an organization as a complex adaptive system within which reality is portrayed as a living system, where all components are interconnected and interdependent, and life is seen as continuous, rather than composed of discrete elements (p. 386). They also demonstrate the application of this CAS approach using a case example of a long-running environmental dispute.

Apart from using a CAS approach to understanding and managing firms' environmental initiative and business performance, CAS is suggested to be equally applicable to the studies of social dimension of corporate sustainability or CSR (Porter 2008; Espinosa and Porter 2011). This approach is considered particular useful for a process involving transformational change (Seo et al. 2004), such as in the case of corporate sustainability and Sustainable HRM.

More discussion on complexity theory and CAS are available elsewhere in the context of organization study (Richardson 2008; Rihani 2002; Wulun 2007;

Anderson 1999), or corporate sustainability (Benn and Baker 2009; Espinosa and Porter 2011; Porter 2008). Theoretically, such knowledge, especially those gained from the corporate sustainability literature, is transferrable to the context of Sustainable HRM, a subset and ultimately the centrality of corporate sustainability. The CAS approach is particularly relevant and useful for organizations within the *Transcended HRM* group, due to the shared ideology. In such organizations sustainability strategy is embedded in all aspects and at all levels; HRM is a partner of the strategic planning and people here are change agents. Importantly, the organization as well as its HR systems is expected to experience a transformational change, a radical shifts in their way of working, thinking and relating as suggested by Mitleton-Kelly (2011). Within such complex systems, people are seen as valuable assets/ resources of an organization and the society: they interact, are interrelated and co-evolve with other actors within and outside the organization. According to the resource-based-view (Barney 1991; Wernerfelt 1995), such resources may lead to innovations and competitive advantage of a firm.

Within the corporate sustainability context, Espinosa and Porter (2011, p. 58) contend that CAS is mainly applied to organizations with experience of the conventional top down approach of governance, whereas we are seeking radical change under the new circumstances in which they must operate to improve organizational adaptability and sustainability. Under such circumstances,

> CAS is a systems framework characterized by continual change and development, ongoing feedback across all levels, coevolving bottom-up and top-down development, and by a growing focus on processes replacing some of the single-minded myopia over performance. It is not a static model, and in its profound dynamism are found the key issues and the keys to solutions for enhancing sustainability, (Espinosa and Porter 2011, p. 58)

Related to Sustainable HRM, are all the three primary principles guiding CAS management methods, highlighted by Porter (2008, p. 403): building and empowering small groups and teams (the bottom of the conventional organizational hierarchy); stimulating adaptive learning at all levels of an organization, especially at the line level; and supporting innovation at the most decentralized, local sites where internal and external stakeholders have direct, ongoing contact and information exchange. We will next discuss CAS application to Sustainable HRM drawing a case study in the corporate sustainability literature.

4.2.2 CAS Application

Cases of applying CAS particularly to Sustainable HRM are rare, whereas in every case involving radical change required by organization sustainability has been centered on people and extensively involved HR policies and practices. For the purpose of exemplifying CAS application to Sustainable HRM, we draw upon the LSE case studies by Mitleton-Kelly (2011) on two London hospitals.

The application of CAS approach is still at its early stage for organizational change. In their study on sustainability focused organizational learning, Espinosa and Porter (2011, p. 60), proposed that managers to apply complexity principles by operationalizing the six core dimensions/principles of CAS mentioned above: self-organization, nonlinear feedback, coevolution of agents, emergence, path dependence, and the edge of chaos. For example, the self-organization dimension requires capabilities for bottom-up and inside-outside, as well as top down communication. Therefore the corresponding management intervention is to officially enable such channels thus unofficial connections can be made and direct, nonlinear feedback can occur outside the official channels. With increased awareness, agents may then recognize core opportunities and threats, and may be empowered by management to explore possibilities locally with a focus on those most relevant and interesting. In terms of the CAS's coevolution dimension, the corresponding managerial intervention could be policies to support the formation of collaborating networks that focus on promising innovations. We consider their way of CAS application applicable to the context of Sustainable HRM, hence adopt below for the discussion on Mitleton-Kelly's (2011) case.

Mitleton-Kelly (2011) conducted a longitudinal study on two London NHS hospitals, are one teaching hospital and one District General Hospital. The analysis is based on several sets of semi-structured interviews, group interviews and workshops (more details are available in the paper). Briefly, the two hospitals were pushed by their "health ecosystem" to a critical point that they could "no longer operate under their existing regime using established norms and procedures," (p. 51). Options for them were either do things radically differently along the corporate sustainability path or go into decline. They therefore needed to explore their space of possibilities and developed new ways of working, thinking and relating. Adopting Espinosa and Porter's (2011) approach of applying CAS, we now demonstrate how, in practice, operationalization of CAS dimensions through Sustainable HRM contribute to organization sustainability.

We do this by first listing the managerial interventions required by the six core principles of CAS within the context of Sustainable HRM, and then examine whether these existed in the case and how that led to success or failure of a transformational change. For illustration purposes, we only focus on the case of hospital Yin Mitleton-Kelly's study (2011).

In Table 1, we have listed some major requirements for HRM intervention by core CAS principles. For instance, the *self-organization* principle of CAS requires HR policy/ incentives to enable greater autonomy and encourage staff to try out ideas locally and to explore the space of possibilities by experimenting with alternative procedures and processes to improve the patient journey; while the *nonlinear feedback* principle calls for HRM intervention of bridging the tight boundaries between specialties through, for instance, employee consultation and involvement.

Against this list we now examine whether, at each of the two stages of longitudinal study, such interventions existed. At stage 1, Hospital Y although there was talk about facilitating self-organization, but each new idea had to be approved by the senior team and no one is allowed to just try out a new idea locally. Organizational culture or atmosphere does not encourage opportunities to explore the space

Table 1 HRM interventions required by core CAS principles

Complexity principle	Required HRM intervention
Self-organization	HR policy/incentives to enable greater autonomy and encourage staff to try out ideas locally and to explore the space of possibilities by experimenting with alternative procedures and processes to improve the patient journey
Nonlinear feedback	Bridge the tight boundaries between specialties through, for instance, employee consultation and involvement
Edge of chaos	HR system, policy enable and encourage productive energy to shift to key problems
Coevolution	HR policy or reward system to facilitate the reciprocal influence resulting in changes in the reciprocating entities
Emergence	Facilitate the bottom-up process of idea generation, through HR policy, reward system, career development and organizational learning, as well as employee consultation and involvement
Path dependence	HR policy or reward system to facilitate sharing of experience and knowledge at various levels and interfaces, so that the underlying reasons of success are understood and shared

Source: Own elaboration

of possibilities, neither did the HR policies and reward systems. Capacity building and active learning from the successes functions of the hospital were not encourage and the focus was very much on attaining financial balance. There was also little active feedback, and few opportunities for staff to get together to review performance and reflect in an open, relaxed and informal atmosphere. Due to the restraining of self-organization and exploration and by not actively reflecting on the outcomes, this constrained learning environment has led to an unsuccessful transformational change in the hospital.

However, in stage 2 (Mitleton-Kelly 2011), things have dramatically altered as they started to recognize that "change is not about spelling out what everyone has to do, but in creating the right enabling environment" (p. 50). In line with the CAS theory and its requirements of management intervention as listed in Table 1, the hospital started encouraging explore the possibilities, working better as a team, supporting each other and acknowledging their inter-dependence. A different way of thinking and learning was developed, which enabled people to work with the independent sector. Management and staff also developed new patterns of connectivity internally and externally. They were then ready to redeploy staff and to encourage role extension, while at the same time meeting the financial targets. Culturally the organization had accepted the challenge and respond to it. In short, they have developed a new way of thinking, working and relating and management interventions were in line with the six CAS principles, therefore the changes have embedded in the organizational culture (Mitleton-Kelly 2011). Within such an organizational CAS systems experience of both successes and failures was shared within a learning environment. Noticeably, all these interventions focused on people are within the regime of HRM for the ultimate goal of organization sustainability. Indeed, what worked in the above case was full engagement of the staff at all levels. "Major sustainable improvement can only be achieved and persist if there is active involvement of employees, and innovation flourishes if the application of their distributed intelligence is encouraged," (Mitleton-Kelly 2011, p. 52).

The path dependent nature of CAS determines that success (or failure) cannot be readily copied, but if *why* it worked in that context and *what* would have stopped it working, i.e. the underlying principles are understood, then they are more likely to be successfully adopted in a new context (Mitleton-Kelly 2011, p. 46). Therefore, the above list of HRM intervention is neither exhaustive, nor generalizable to all cases (see also chapter "Sowing Seeds for Sustainability in Work Systems" in this volume). Applications to other contexts need to focus on interventions, of HRM or else, required by the six core principles of CAS theory for a sustainable organization.

5 Conclusions

Sustainable HRM is a very new topic for HR and currently at its theory development stage. We have joined this effort with a focus on approaches to realizing Sustainable HRM in addressing the major challenges that HRM is facing under the corporate sustainability agenda.

To realize Sustainable HRM, we argue that approaches can be quite different for organizations with different level of commitment to sustainability and/or varied characteristics of HRM involvement. We hence developed a typology based on these two dimensions: *level of organizational commitment to sustainability* (from compliance to an intrinsic case), and *feature of HR involvement* under the corporate sustainability agenda (from primarily focused on implementation to being extensively involved in strategic planning). Four groups thus emerge as: *Compliance Personnel, High-involvement HRM, Responsible Personnel* and *Transcended HRM*. Depending an organization's knowledge, ambition and ability, it may adopt any of these corporate sustainability stands and HRM practices, and may also choose to change in any time at a desired pace.

For these various types of organizations pursuing Sustainable HRM, we proposed two approaches for implementation: an integrated diagnostic framework, which is more in line with the interpretive systems thinking and the CAS approach based on complexity theory. We suggest that the former one is more useful for the *Compliance Personnel, High-involvement HRM* and *Responsible Personnel* groups, of which either the radical change required by corporate sustainability is not yet part of the organizational strategy or HRM is not extensively involved in such strategy. For these organizations, the proposed integrative framework can be used as a diagnostic tool for identifying the most acute issues and areas that HRM may have valuable contribution, within the constrained organizational commitment or level to sustainability and/or HRM involvement. Whereas for *Transcended HRM* an approach based on complexity theory and CAS thinking can be more effective due to consistency in their underpinning ideology, such as viewing the world as complex, self- regulating and renewal system that is ever evolving in a cyclic, non-linear fashion.

The application of complexity theory and CAS to organizational study is an emergent research area, and it is even more so for their application to the context of corporate sustainability and Sustainable HRM. Drawing on some quality and interesting earlier studies, we have exemplified the application of CAS to Sustainable HRM. The depth and scope of the discussion is limited by the lack of primary data from a study specifically designed for Sustainable HRM and CAS application. However the learning is valid and the chapter provides some guidance to both academics and managers interested in the usability and applicability of complex systems theories. Meanwhile, empirical studies to assess and demonstrate best practices to more sustainable organizations through Sustainable HRM are suggested and implantation with CAS approach represents a growing research interest.

It is worth noting as well, that there are various perspectives to complexity theories and hence different approaches. The two models compared in Espinosa and Porter‘s (2011) paper, for example, are both based on complexity theory, which work differently, yet complementarily to each other. Future research in applying complexity theories to Sustainable HRM may also look into and compare how various approaches based on complexity theories work individually and together.

In practice, HR has been identified as potentially making great contributions to sustainability in the areas of leadership development, training and development, diversity and multiculturalism, ethics and governance, talent management and workforce engagement; whereas HR needs to do more to support the core qualities in the areas of change management, collaboration and teamwork, creating and inculcating values and health and safety (Wehling et al. 2009).

This chapter has offered HRM practitioners management tools to implement Sustainable HRM. These approaches are not static. Essential for the implementation of Sustainable HRM with the CAS approach is the focus on the management (HRM or other types) interventions required by the six core principles of CAS, and thus create an enabling environment (Espinosa and Porter 2011; Mitleton-Kelly 2011). For managers intended to use this approach, what should be borne in mind is that success cannot be copied, but if the underlying principles are understood, then they can be adopted in a new context (Mitleton-Kelly 2011).

Finally, the future capabilities in an organization, and as a consequence the improvement in performance, are premised on the belief that it is necessary to develop a new workplace culture which emphasizes the role of employees as assets rather than merely as a costly factor of production. There is no one best way for all organizations, only organic processes based on situational characteristics which satisfy the aims and objectives for the organization and its employees in a sustainable way.

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Paradox as a Lens for Theorizing Sustainable HRM

Mapping and Coping with Paradoxes and Tensions

Ina Ehnert

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Abstract This conceptual chapter discusses the strategic potential of sustainability as a concept for Human Resource Management (HRM). Aligning sustainability to HRM allows thinking about new solutions to solve HR problems such as HR shortages, employee health or HR development, to foster the proactive role of HRM in developing sustainable business organizations or to extend the understanding of HRM performance. However, realizing efficient and effective as well as sustainable HRM systems may create paradoxical choice situations and tensions that need to be actively coped with. The objective of this chapter is to explain first how organizations and HRM have responded to tensions from a historical perspective, second, how HRM can cope with potential tensions arising from efforts to make organizations more sustainable.

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1 Introduction

> Wherever we look around us during the opening decade of the 21st century, we confront daunting challenges to global sustainability. [. . .] overall, there can be little doubt that the sustainability of human life on earth and the health of the large complex systems in which human life is imbedded are under threat. (Wells 2011, p. 133)

As a response to growing global ecological and social problems along with pressures from stakeholders, including investors, many organizations worldwide have committed themselves to building more sustainable business organizations. Within this building sustainability has mainly been used to advance solutions for global environmental problems such as climate change, pollution, and the problem that the world population – and particularly within industrialized and industrializing countries – consumes more resources than are reproduced (for example, Bansal 2005). However, in the recent decade interest in social and human aspects of sustainable development and its implications for managing human resources has been growing considerably (for example, Pfeffer 2010; Wilkinson et al. 2001; Zaugg et al. 2001). Sustainability challenges the traditional economic market model (see chapter "Sustainability and HRM" in this book; Wilkinson et al. 2001) and those dealing with one of the most important resources in organizations, the human resource, i.e. all managers responsible for decision-making on people in the organization. Whether ethical, normative or instrumental motifs dominate the choices for sustainability in HRM (see also chapter "Sustainability and HRM" in this book), the HR function certainly has an "important role to play in sustainability" (Boudreau and Ramstad 2005, p. 134) because decisions for or against sustainable business behavior will be made and implemented by people in organizations.

Interestingly, several authors have observed parallels in debates on ecological, social and human sustainability (see Ehnert 2009a; Pfeffer 2010; Wilkinson et al. 2001) raising questions which consider how companies treat and exploit or deploy their resources (see also Wilkinson 2005) – and in particular their human resources (see Clarke 2011; Pfeffer 2010; Wilkinson et al. 2001). In more and more organizations, the realization is rising that an overly strong focus on a short-termed efficient and cost-effective exploitation of natural, social and human resources is not enough to ensure organizational viability in the long run (for example, Docherty et al. 2002; 2009; Dunphy and Griffith 2008; Wilkinson 2005). Instead, it is assumed that organizations must find ways of becoming more sustainable which enables them to be viable in the long-run whilst contributing actively to the viability of their economic, social and ecological environments.

The importance of sustainability for HRM has been described in detail in chapter "Sustainability and HRM" of this book and the present chapter extends these views. Although sustainability can be used to support a company in its search for alternative ways of managing any resource, including their human resources, this chapter is based on the assumption that sustainability is more valuable as a proactive principle aimed at prevention of harm along with regeneration and reproduction of resources. Sustainable HRM is therefore perceived as a design option for organizations that need or want to sustain their resource base including the human resource base (within and beyond organizational boundaries). Sustainable HRM is relevant for those organizations which aim to introduce and implement corporate sustainability strategies, because much of the implementation success depends on whether those who are responsible for implementation understand why their organization needs to become more sustainable (see also chapter "Sowing Seeds for Sustainability in Work Systems", in this book). Sustainable HRM is also highly relevant for enterprises that suffer from

- Employee shortages or expect shortages due to demographic developments (see also chapter "Practitioner's View on Sustainability and HRM" in this book),
- High absence rates because employees experience work-related health problems or loss of meaningfulness and sense at the workplace,
- High rates of fluctuation in the 'stock' of employees, and
- Employees with inadequate skills and commitment.

Contributions in the area of sustainability and HRM have been made by scholars from a variety of distinct fields including corporate sustainability research, work psychology, HRM, corporate (social) responsibility and ergonomics/human factors research (see chapters "Sustainability and HRM and Social Sustainability and Quality of Working Life" in this book). So far, scholars have addressed, in particular, the importance of sustainability for HRM and possibilities of operationalizing the concept. While efficiency- and social responsibility-oriented approaches dominate the literature, the substance-oriented or integrative views are given less prominence in research.

These research gaps are addressed in this chapter in order to advance the conceptual development of Sustainable HRM. An important objective of this chapter is to discuss how HRM can contribute not only to implementing corporate sustainability strategies (and to support top-management in doing so) but also to making HRM itself more focused on the sustainability concept. The main contributions of this chapter are twofold: First, based on the initial chapter in this book, a framework is developed which helps to demonstrate why organizations are increasingly faced with plurality, paradox and tensions which illustrates why, as a result, sustainability can be a viable response. Second, a paradox framework for Sustainable HRM for understanding the dynamics over time and initial strategies for coping with tensions and paradoxes is discussed along with how tensions can be used in a fruitful way for designing viable sustainable organizations.

This chapter is structured into five sections. In the section following this introduction, HRM is considered through a sustainability 'lens' by re-discussing the HR role, goals and notion of success in different organization contexts. In the third section, ideas for how Sustainable HRM could be conceptualized are presented with potential tensions and paradoxes discussed. Next, paradox is applied via a lens of theorizing Sustainable HRM by presenting a paradox framework and options for how to deal with tensions. The final section is dedicated to conclusions and implications.

2 Extending HRM Through a Sustainability Lens

In this chapter, HRM is referred to as a broad, generic term in the sense of people management (Boxall 2007, p. 49). Particular attention is given to the employment relationship i.e. “the connection between employees and employers through which individuals sell their labor” (Budd and Bhave 2010, p. 51) and how decisions about individual employees are made along with which rules or policies guide these decisions. HR specialists act on the behalf of organizations in ‘managing’ the employment relationship and therefore are the focus of analysis. A framework differentiating classical, neo-classical and modern organization contexts is used in this chapter (see Table 1) to highlight the historical development of people management from early industrialization to more complex and potentially to Sustainable HRM approaches. The terms (neo-)classic and modern do *not* refer to a certain HRM discourse or epistemological and ontological positions but are used to describe a development over time (see Brandl et al. 2012; Remer 1997; Smith and Lewis 2011). Within this framework, organizations and HRM could also opt for non-sustainable business models in the modern context. However, we assume that this will be more and more difficult due to changing institutional contexts (e.g. legislation in the European Union or United Nations initiatives) and stakeholder pressures (see also chapter “The Relevance of the Vision of Sustainability to HRM Practice” in this book). The framework allows a better understanding of the tensions and paradoxes related to implementing sustainability in organizations.

2.1 Changing Organization-Environment Relationships Challenge the Purpose of the Organization

Researching the relationship between organizations and their environment has a long tradition in organization theory (e.g. Rasche 2008) but is normally of less importance for HRM, except for contextual HRM research. However, if organizations wish to successfully implement sustainability strategies, it is of the essence that HR executives recognize that they do not “operate in a vacuum” (Mariappanadar 2003). This is especially relevant for large multi- and transnational enterprises which have global influence and are not limited by national legislation or institutional frames (see e.g. Rasche 2008 or chapter “Sustainability and HRM in International Supply Chains” in this book). In HRM history, not only has the context of organizing and strategy-making changed but also the implications for HRM and its role (see Table 1).

The *classical* approach to management is based on the perception of the institutional, legal, socio-political and economic organizational context having relatively low complexity, little dynamics and few changes. In this classical context the purpose of a business organization is very clear – not only to *make* but to *maximize* profit (see also Friedman 1970). To reach this goal, the best possible solution was

Table 1 Framework for alternative organizational contexts and HRM implications

	Organization concept		
Characteristics	Classical	Neo-classical	Modern
Key focus	Organization	Environment	Organization and environment
Purpose of the business organization	To make profit (ends)	To make profit, but by considering constraints or 'conditions of means' (e.g. labor markets) to ends	Purpose of organizations is continuously challenged; multiple purposes possible (e.g. social entrepreneurship)
Notion of success	To reach ends (purpose): one-best way solutions	To reach contingent usefulness under restrictions to profit maximization; Alignment and consistency with internal and external environment, enable success	Profit maximization can endanger organizational viability and legitimacy; New notion of success needed; inherent contradictions; multiple rationalities, conventions
Planning	Profit maximization can be planned A or B? (either/or choice)	Under what condition A or B? (either/or choice)	How to engage A and B simultaneously? (both/and choices)
Management problem	Create purposeful work and authority structures	Create purposeful behavior (e.g. effective and conform social systems)	Durable problem solving and existence (ends-means-paradox)
Research tradition (examples)	Scientific Management (Frederic W. Taylor), Bureaucracy (Max Weber), Administrative Science (Henry Fayol)	Human Relations, Motivation theories, Group theories, Decision theory, Behavioral theory, Socio-technical systems approach, New institutionalism	Systems-development theory, Non-linear approaches, Complexity theory, Evolutionary theories, Ecological theories, Culture theory, Ethics, Interpretative, critical perspectives
Implications for HRM	Put one best way (A or B) into practice, cost-minimization	Identify best conditions for (high) performance via internal and external fit and value maximization	Focus on tensions (Evans 1999, p. 327), co-existence and multiple bottom lines (sustainability)
View on the human resource	'Production factors', passive	Assets, resources for the organization, objects, passive	Resourceful human beings, subjects, active

(continued)

Table 1 (continued)

	Organization concept		
Characteristics	Classical	Neo-classical	Modern
HRM approach (examples)	Administrative, personnel management	Strategic, flexible, high performance HRM	e.g. Green HRM, Sustainable HRM, Ethical HRM, Sustainable Works Systems

Source: Own elaboration extended from Smith and Lewis (2011), Remer (2004), Ehnert and Brandl (2012), p. 14 and 19

sought in early industrialization, based on the research traditions of Frederic W. Taylor's Scientific Management, Max Weber's Bureaucracy research and Henry Fayol's Administrative Science (see Remer 2004; Smith and Lewis 2011). The implications for people management in a classical context are to support the owner(s) of the company in putting 'one-best way' solutions into practice and to minimize costs of the 'production factor' personnel. In a classical context, it is hence possible to largely ignore organizational environments and employee interests as there are no particular resource shortages or constraints – or as these are at least not recognized. This does, however, not exclude the possibility that paternalistic employers might have personal interests in treating their workers well.

The *neo-classical* approach to management considers that the organization context has become more complex and is not completely controllable. Organizations have to increase their efforts for profit-making by considering constraints (such as shortages in labor markets), by using resources more efficiently and by maximizing risk-adjusted return on capital (e.g. Jensen and Meckling 1976). In order to be successful, organizations need to identify diverse means that help them to achieve the end (purpose) of making profit, they have to be internally and externally aligned with their environments meanwhile they have to identify the best option within the particular context 'either' solution A 'or' B (see Smith and Lewis 2011). The key management, and also HRM challenge, in this context is to create 'purposeful' behavior i.e. behavior of organization members that helps to reach the purpose of the organization. Research in the tradition of the human relations movement, motivation theories, group theories, behavioral theories etc. have contributed to a much better understanding of how HRM can develop this purposeful behavior (Remer 2004) and hence internal and external alignment and fit. Increasingly people, or 'human resources', are regarded as assets or as a potential asset for an organization to grow so create value and human resources are seen as one of the most important resources to enable achievement of sustained competitive advantage (Wright et al. 2001). Neo-classical approaches to HRM such as High Performance Work Systems (e.g. Becker and Huselid 1998), or high involvement (e.g. Vandenberg et al. 1999) approaches are based on the assumption that employer and employee interests are similar. HRM, therefore, is seen as contingent on external and internal requirements. However, increasing tensions between organizations and their environments can be observed which also have an impact on HRM (e.g. Evans and Lorange 1991; Evans and Génadry 1999).

The third approach in the framework is shown in the image of highly complex and dynamic, largely uncontrollable *modern* organization contexts with non-linear and global interdependencies (e.g. Mendenhall et al. 1998). In these contexts, the purpose of organizations is continuously challenged and it is possible that profit-making in the (neo-)classical way may even endanger organizational viability and legitimacy (see also chapter "Sustainability and HRM" in this book). This is the situation where organizations can be observed to be pursuing multiple purposes (e.g. profit and social responsibility) and measure their performance in multiple bottom lines not just the bottom line of financial profit. New notions of corporate success allow business organizations to make 'both'/'and' – or even more complex – choices. The organizational objective becomes to combine durable problem-solving and corporate viability (efficiency-existence-paradox (Remer 2004)). Theoretical approaches which have fostered this view include, for example, systems-development theory, non-linear approaches, complexity theory (see also chapter "Fostering Corporate Sustainability" in this book), co-evolutionary, ecological, culture theories and ethical approaches (Remer 2004). Organizations are increasingly perceived as pluralistic socio-economic systems where contradictions, tensions and paradoxes are inherent (e.g. Smith and Lewis 2011). The proactive management and active HRM, within such organizations, becomes an important HRM task (Evans 1999, p. 327) which can then foster creativity, problem-solving and innovation.

One of the most serious challenges for the organization-environment relationship is that unlimited economic growth is not possible within limited global resources (e.g. Gladwin et al. 1995) and that business organizations need to become active participants in developing and maintaining more sustainable economic systems. While the classical and the neo-classical approach to management and HRM are strongly driven by the economic rationality of efficiency and effectiveness in which it is completely 'rational' to treat any resource, including people, in an efficient way, this approach is insufficient or incomplete from a sustainability perspective (Ehnert 2009a).

Treating employees as costs to be reduced (classical approach) or as assets to be developed and value to be created (neo-classical approach) dominate today's discussion in mainstream HRM (see Brewster and Larsen 2000). The problem with this perspective is that (HR) managers driven by efficiency and cost-reduction can reach economic goals on a short-term basis – for example, shares offered on a stock exchange rise when an organization announces plans to reduce the number of employees for cost cutting reasons. However, on a long-term basis, the positive performance effects are uncertain. Instead, unintended feedback effects of extreme efficiency strategies such as downsizing can come back, like a boomerang, to harm organizations (e.g. chapter "The Model of Negative Externality for Sustainable HRM" in this book). These effects are, for example, damage to the organization's reputation, to its learning and skills capacity and shortages of capabilities that are needed in the future (see Wilkinson 2005). This is a clear limitation within the economic rationality of efficiency; however, it seems that this limitation is not always recognized. In an article on downsizing Wilkinson (2005) observes an "extreme pathological fear of becoming inefficient" (p. 1082) which means that not only sick organizations but also healthy organizations are cutting the number of their employees to meet their short term profit goals or to increase their short term financial performance or to look good (or at least to not look bad in comparison to their peers).

In a modern organizational context, the definitions of human resources and the goals and role of HRM are extended. The debated notion of 'human resource' is not seen from an object-orientation (people as cost and a production factor that needs to be minimized) but from a subject-orientation which means people are creative and social beings who do also have a value in their own right ('*Eigenwert*') and a life beyond organizational boundaries that interrelates with who they are and what they do at the workplace (see also the special issue on ethics and HRM in the Journal of Business Ethics (2012), Vol. 111). People at work and their usefulness for achievement of organizational goals are regarded from more than a purely instrumental view, but also from a relational view (see Paauwe 2004). This does have clear implications for HRM such as providing conditions for employees to balance their work and private lives (Ehnert 2009a) or refusing maximum (self-)exploitation of employees (even if this was possible).

In the past decade, however, more (mainstream) HR scholars have become critical of the neo-classical approach and have contributed to extending the pure efficiency/business rationale focus through arguing recommending a lens of social responsibility. For example, Boxall and Purcell (2003) have defined three critical HR goals: (1) productivity, (2) flexibility and (3) social legitimacy. The authors acknowledge potential tensions between these goals and suggest balancing them with the help of excellent people management. Paauwe (2004) and colleagues (Boon et al. 2009) developed a 'balanced' approach to HRM by integrating social responsibility and a 'relational rationality' explicitly into a context-based approach to HRM (see also the special issue in Personnel Review, Vol. 38, No. 5, 2009). In this sense, sustainability can be interpreted as a response to the changes in the organization-environment relationships.

2.2 Sustainability as a Response for Organizations and HRM to Economic, Social and Ecological Challenges

Companies within the World Business Council on Sustainable Development (WBCSD) are often leading firms engaged within not very sustainable industries (energy, oil, cement, etc.). Still, these are often pioneers in their industries seeking a complete re-thinking in views of sustainable development and strongly shape opinions about how to define and integrate sustainability into corporate strategies and practices. In 2007, when Sustainable HRM had not been a term commonly used in practice, the author of this chapter analyzed the websites of 82 European member organizations of the WBCSD for explicit or implicit links between their sustainability strategies and HRM (Ehnert 2009a). In the analysis 32 companies showed no link between HR and sustainability or provided only brief statements which could not be analyzed further, however, the other 50 companies did provide a link and more information. All of these 50 organizations are multi-national enterprises (MNEs), headquartered in 15 European countries, with 11 MNEs in Germany, 8 in the Netherlands, 6 in United Kingdom, 5 in France, 3 each in Denmark and Norway, 2 in Finland and Sweden, 1 each in Croatia, Greece, Ireland, Italy, Portugal and Russia (for details see Ehnert 2009a).

From a broad perspective, different concepts were used in the analysis and the most common ones were sustainability, sustainable development, Corporate Social Responsibility (CSR) and Corporate Responsibility. Sometimes, these concepts are used synonymously in corporate practice. The diversity of concepts-in-use also reflects the academic discussion on corporate sustainability and CSR, where we find two main academic streams of literature with 'separate pasts' but potentially with a 'common future' (Montiel 2008). Despite the differences in vocabulary, most companies had clearly integrated sustainability into a statement of the corporate policy or strategy. The model illustrates some of the key assumptions expressed on the websites (theories-in-use) explaining why organizations have decided to become more sustainable (see Fig. 1). Drivers for sustainability are mentioned such as the increasing demand for efficiency and competitiveness, demographic trends (lower birth rates), intensive work (causing work-related health problems), tight labor markets (lack of needed talent) and failure of education systems (lack of provision of needed talent).

From these internal and external drivers or challenges, companies had deduced general objectives for considering sustainability in their corporate strategies summarized by Ehnert (2009a, b) in the following categories:

- Value creation, performance and long-term success
- Obtaining legitimacy for managerial action ("license to operate")
- Strengthen a company's reputation and image
- Creating accountability and transparency
- Improving the quality of life for employees and societies, and
- Creating trust and trustworthiness (p. 206).

In addition to these general strategic objectives, particular objectives related to HR on the websites could be subsumed under the following categories illustrating key internal drivers for why companies link the idea of sustainability to HRM (Ehnert 2009a, b):

- Attracting talent and being recognized as an "employer of choice"
- Maintaining a healthy and productive workforce
- Investing into the skills of the current workforce, and
- Creating employee trust, employer trustworthiness and sustained employment relationships.

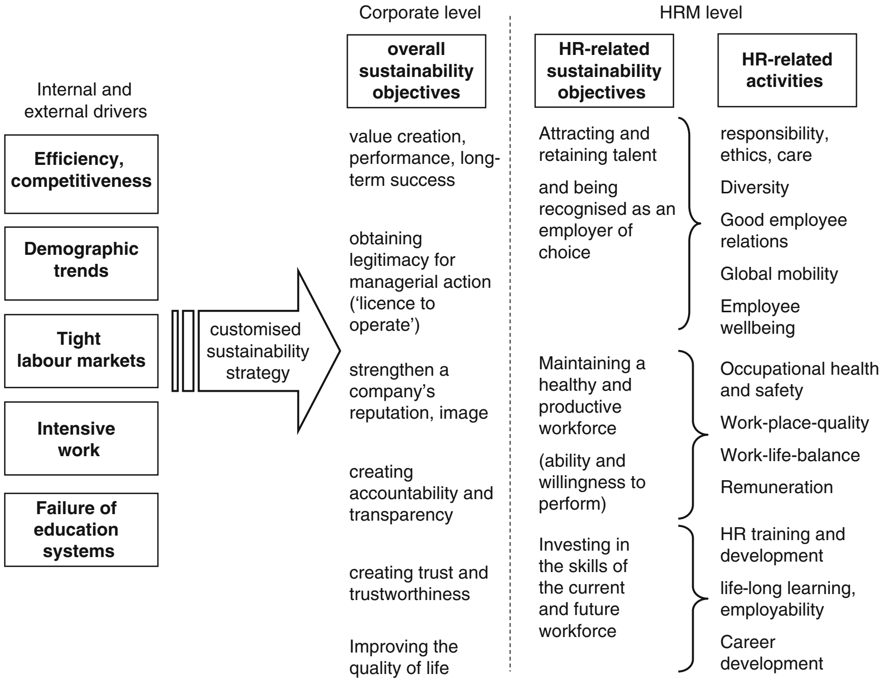

Fig. 1 Practice-based model of Sustainable HRM (Source: Ehnert (2009a), p. 228. With permission)

Not every company mentioned objectives in all of these categories, however, the purpose of the analysis was to show that companies had started integrating sustainability into their core strategies and also linked sustainability to HR issues. To summarize the findings, a practice-based model of Sustainable HRM had been developed (see Fig. 1). The companies suggested very diverse HR practices to address the key challenges (see Fig. 1 and Table 2). Of course, this analysis does not suggest that companies actually do what they say they do – but, as employees are important stakeholders for the companies, they maybe likely to hold their employers accountable for what they communicate.

Concerning the framework presented in Table 1, the categories can be interpreted in the way that the companies organized in the WBCSD are increasingly extending their notion of success such as fostering their long-term viability and success or obtaining social legitimacy. However, it seems that this is undertaken still in a quite conservative manner i.e. from a neo-classical approach, with only few tendencies towards more modern ways of thinking (such as creating trust, improving the quality of life for societies - or communities in which companies are operating). Seeing that these are companies which have decided to take a leading role in the movement towards sustainable development, this incremental approach is surprising and in the future, we will see if these objectives are sufficient and which companies are really trying to make a profound change towards becoming more sustainable businesses and which are only 'greenwashing'.

2.3 Sustainable HRM Characteristics and Starting Points

Yet, how can the idea of sustainability be translated systematically to the HRM level? What would an HRM system look like which deserves the attribute 'sustainable'? How can such a system be differentiated from prior strategic or long-term approaches to HRM? In this book, our authors provide a variety of suggestions on how sustainability can be linked to HRM and in chapter "Sustainability and HRM", we identified four general approaches to understanding sustainability and translating this to the business level based on the underlying key motifs. First, a *normative, ethical approach* to sustainability focusing on the moral implications for management and HRM; second, an *efficiency-oriented approach* to sustainability focusing on costs that can be saved or new value which can be created; third, a *substance-oriented approach* to sustainability focusing, as suggested by Aristotle and as applied in sustainable forest and fishing industries, on the regeneration and development (or 'reproduction') of resources, of capital, of relationships etc.; and fourth, an *integrative approach* accepting both normative and rational decision-making as a part or organizational reality, making use of the three previous approaches and balancing potential tensions and paradoxes (Ehnert 2009a). As an alternative, Cohen et al. (2012) identified three approaches or 'routes' to Sustainable HRM, a values-based route (which is similar to the normative, ethical approach), a strategic route (which is reflected by the efficiency-oriented approach focusing on value-creation) and a defensive route (which is reflected by the efficiency-oriented approach focusing on risk avoidance and cost reduction). These authors did not offer a substance-oriented approach to sustainability.

For this chapter, meanwhile, sustainability refers to the balance of resource reproduction and consumption in an organization and HRM (see Ehnert 2009a) and thus 'entails the preservation, regeneration, and development of the ecological, economic, and social resources of a system' (Sena and Shani 2009, p. 84). This definition of sustainability is preferred because it emphasizes the regenerative, maintaining and preventive aspects which are of importance for a co-existence of organizations within their social and ecological environments that is very often neglected in purely ethical or efficiency-oriented approaches. It is however recognized that an essentially functional, instrumental view of sustainability is insufficient for HR practice in situations of ethical dilemmas (Ehnert and Harry 2012) or in situations where tensions and paradoxes are involved (Ehnert 2009a). Therefore, an integrative approach to sustainability is pursued with a distinction between the ethical and the economic dimension (see also Paauwe 2004; Kozica and Kaiser 2012).

As discussed in chapter "Sustainability and HRM" in this book, the notion of Sustainable HRM is relatively new in the discussion on HRM and subject to diverse interpretations (see, e.g. Cohen et al. 2012; Ehnert 2009a; Hartog et al. 2008). Ideally, Sustainable HRM systems have the ability or capability of being both efficient and effective on the one hand, and self-sustaining (or regenerative, nourishing and supporting development) on the other. This idea already links to the challenges in modern organization contexts (Table 1). In a prior publication, the current author has proposed a working definition of Sustainable HRM as

> the pattern of planned or emerging human resource strategies and practices intended to enable organizational goal achievement while simultaneously reproducing the HR base over a long-lasting calendar time and controlling for self-induced side and feedback effects of HR systems on the HR base and thus on the company itself. (Ehnert 2009a, p. 74)

This understanding of Sustainable HRM is based on the assumption that modern companies currently face the challenge of maintaining their overall corporate resource base and in doing so they need to respond to multiple tensions, paradoxical choice situations and to moral or ethical dilemma situations (Ehnert 2009a; Kozica and Kaiser 2012). Since 2009, more publications have pointed towards the importance of HRM taking its role more seriously to contribute to human sustainability (for example, Pfeffer 2010), which is part of reproducing the HR base and making HRM systems themselves more sustainable (see also the special issue in management revue, 3/2012). Although the ecological dimension of Sustainable HRM has not been mentioned explicitly in the definition above, the basic assumption underlying the development of this approach is that organizations need to treat *all* their resources in a sustainable way (see Müller-Christ 2001).

In the meantime, in the international debate, more scholars and practitioners have asserted that HRM could have a critical role in facilitating or leading the development of economically, ecologically and socially sustainable business organizations and in creating sustainability cultures (e.g. Becker and Grove 2011; Colbert and Kurucz 2007; Clarke 2011; Jackson et al. 2011; Sroufe et al. 2010) in collaboration with top-management and CSR/sustainability departments. In this context, 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)

Cohen et al. (2012) also identified several international frameworks which allow linking sustainability to HRM - such as the United Nations Global Compact, the ISO26000 standard promoting responsible business practices or social responsibility, the OECD guidelines for multinational enterprises, the SA8000 standard and the Global Reporting Initiative (GRI) promoting social and sustainable developments. Potentially relevant for HRM are all sections in these guidelines which refer to the employment relationship in the organization and their supply chains (see also chapters "The Model of Negative Externality for Sustainable HRM and Sustainability and HRM in International Supply Chains" in this book). HR relevant guidelines in the GRI focus on labor standards developed by the International Labour Organisation (ILO) in Geneva (see also chapter "Enterprise Sustainability and HRM in Small and Medium-Sized Enterprises" in this book). Most international standards and guidelines are based on an ethically universal perspective assuming that the underlying values and practices are going to be accepted in different contexts and cultures.

From an integrative view, the understanding of Sustainable HRM advanced in this chapter is a strategic one, in the sense that strategic decisions are regarded as relevant, proactive and as focusing on key aspects (Scholz 1987), long-term oriented, environment-oriented, systematic and holistic (Ehnert 2009a). This integrative and strategic approach is also contextual, considering cultural, institutional etc. contexts of organizations (see also Table 2). Sustainable HRM, as understood in this chapter, is an approach to the management of the employment relationship and individual employees which has the following key characteristics (extended from Ehnert 2011):

- **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 (Ehnert 2009a) by integrating the 'future into the present' (Evans 1999). The future is anticipated by considering the 'inherent laws' (for an example see Gratton et al. 1999) and 'inherent values' of human resources (see Greenwood 2002), even if it does mean that investments need to be made or if it means abandoning the maximum exploitation of human resources (Ehnert 2009a) or of unsustainable HRM practices and processes.
- **Impact-control oriented**: The impact of HR strategies and practices on the organization, HRM itself and on employees' qualification, engagement and health are controlled (see also chapter "The Model of Negative Externality for Sustainable HRM)". The organization not only controls its impact or 'externalities' on critical resources within the organization but also on their 'origin' i.e. organizational environments where these resources come from (e.g. nature, families, communities, education systems).
- **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. The traditional means-ends-thinking is extended by a substance-maintenance-thinking (see Luhmann 1995) which means that it is important for a business organization to perform but also to maintain its 'substance' (see also chapter "Fostering Corporate Sustainability" in this book for a translation into practice).
- **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’ (i.e. those social ‘eco-systems’ which influence people before they enter an organization). Instead of exploiting resources or resource origins in a one-sided manner (Müller-Christ 2011), HRM contributes to their survival by creating mutual resource exchange relationships (resource and learning 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. The objective is to use these indicators for external sustainability reporting but also for internal steering and HRM assessment purposes.
- **Paradox-oriented**: The ability of the HRM system and individual organization members to cope cognitively and emotionally with plurality, complexity and tensions is developed. Potential tensions are between short- and long-term objectives, multiple bottom lines or global vs. local Sustainable HRM. The objective of Sustainable HRM is to meet the challenge of fostering HRM creativity and innovativeness especially in difficult times.

In this way, Sustainable HRM extends traditional HRM strategy, content and processes in several important ways and shifts the attention of the organization to three strategic goals (resource exploitation/exploration), substance maintenance (see also chapter “Practitioner’s View on Sustainability and HRM” in this book) and social legitimacy. Table 2 illustrates how these Sustainable HRM characteristics could be translated into HRM practices. This is not a complete list but offers first examples for HRM design implications.

To conclude, the debate on sustainability shifts the focus of attention back to the discussion about ‘the purpose’ of the organization and about the role of HRM in helping the organization to achieve multiple purposes.

3 Key Elements of a Paradox Framework for Sustainable HRM

As discussed in the previous section, Sustainable HRM can be interpreted as a possible strategic answer to increasing organizational plurality, ambiguity and contradictory requirements but is also recognized as producing potentially new tensions and paradoxes if sustainability is taken seriously as a concept to develop economically, socially and ecologically sustainable organizations. In prior writing, the current author has therefore suggested the use of paradox as a lens for theorizing upon Sustainable HRM (Ehnert 2009a). Since then, paradox theory has been developed substantially by authors such as Smith and Lewis (2011) as well as Andriopoulos and Lewis (2010). In addition the link between HRM and paradox theory has been further explored (Ehnert and Brandl 2012; Kozica and Kaiser 2012). The term ‘theorizing’ is used here both in Weick’s (1995) sense of an

Table 2 Sustainable HRM strategies and exemplary HR activities

Sustainable HRM characteristic and strategy	HR activities (workforce, individual)	HR activities (HRM-environment)
Long-term oriented (Integrate the future into the present)	Develop sustainable HR policies and strategy	Identify availability of human resources in the future (e.g. demographic development, immigration)
	Link Sustainable HRM to corporate sustainability strategies	Identify future conditions of developing resources (e.g. requirements of the younger generation, immigrants)
	Develop HR mindfulness (special awareness to anticipate uncertainties which threaten the human resource base) (see chapter "Human-Resources Mindfulness")	
Impact oriented (Control impact of work and HR practices)	Safety: reduce risks of work accidents, injuries, fatalities	Control impact on health and safety in the supply chain
	Reduce risk of occupational illnesses (e.g. reduce and prevent stress)	Control impact on conditions of resource reproduction (e.g. in families, education systems, labor markets)
	Support employees in developing competencies for coping with stressful work situations	
Substance oriented	Improve workplace quality	Understand future potential employees' specific conditions of development, reproduction and regeneration
(a) Foster conditions of HR regeneration, health and employee well-being	Foster ergonomic workplace conditions	Foster wellbeing of employees' families
	Promote a healthy and sustainable life and working style	
	Promote work-life-balance	
(b) Invest into the skills of the present *and* future workforce	Invest into employee employability and workability (e.g. employee development and training programmes, vocational training programmes, apprenticeships, mentoring)	Invest in education, apprenticeships
	Talent management and internal succession management programmes	Foster life-long learning practices inside and outside of the organization
	Career development for employees	Invest in cooperation with universities, schools (e.g. initiative to develop sustainable/responsible business leaders)

(continued)

Table 2 (continued)

Sustainable HRM characteristic and strategy	HR activities (workforce, individual)	HR activities (HRM-environment)
(c) Invest into becoming an attractive and sustainable workplace (e.g. employer of choice)	Offer an attractive, sensegiving and challenging work environment and content	Foster the company's reputation as a socially responsible/sustainable and trustworthy employer, as a family-friendly employer (employer branding)
	Offer career opportunities Understand values of current and future workforce (e.g. cultural, gender diversity)	Create career opportunities together with corporate partners
Partnership oriented	Create employee trust and sustained employment relationships (e.g. reproduction of loyalty, trust, sense, identity; psychological contract)	Create mutual resource (exchange) relationships and resourcing partnerships with NGOs, education systems, corporate partners Support partnerships with corporate partners to develop responsible talent (e.g. CEMS network)
Multiple bottom lines-oriented (Maintaining both efficient work organization plus treat HR socially responsible and integrate ecological goals)	Support corporate sustainability strategies Integrate economic, social and ecological sustainability as strategic goals and assess them Provide training on sustainability Ethics, caring for employees Support in job-loss situations	Assess consequences of the organization's HRM model on economic, social and ecologic organizational environments
Paradox oriented	Provide dilemma/paradox management training Identify the key paradoxes and tensions HRM is facing and develop coping strategies	Compensate or balance potential tensions between global and local sustainability strategies

Source: Own elaboration, extended from Ehnert (2009a), p. 171, Ehnert (2009b), p. 433

"interim struggle in which people intentionally inch toward stronger theories" (p. 385) and in Lewis' (2000) sense theorizing means "developing a frame that encompasses opposites, enabling a more complicated understanding of their coexistence and interrelationships" (Lewis 2000, p. 774). Conceptualizing paradox refers to illustrating the idea of "both/and" instead of "either/or" choices (Lewis 2000). Building on and extending from Ehnert (2009a), key elements of a paradox framework for Sustainable HRM and key strategies for coping with paradoxes and tensions are presented in the following section.

3.1 Mapping Tensions and Paradoxes in Sustainable HRM

Paradox is a term with multiple meanings (see Erickson and Fossa 1998; Lewis 2000; Poole and Van de Ven 1989). An early definition of paradox stems from Slaatte (1968, p. 4) cited by Cameron (1986, p. 545) who describes paradox as

> an idea involving two opposing thoughts or propositions which, however, contradictory, are equally necessary to convey a more imposing, illuminating, life-related or provocative insight into truths than either factor can muster in its own right. What the mind seemingly cannot think it must think; what reason is reluctant to express it must express!

Cameron (1986) asserts that "Both contradictions in a paradox are accepted and present. Both operate simultaneously." (p. 545). A newer and broader definition suggests "paradox as contradictory yet interrelated elements that exist simultaneously and persist over time" (Smith and Lewis 2011, p. 382). In this chapter, paradoxical tensions are understood to be phenomena underlying and being created by paradoxes, or more precisely by their two or multiple contradictory 'poles'. Inconsistencies can be observed between journal articles using the term 'paradox' (such as the synonymous use of paradox, tension, duality, contradiction, or differences in understanding the term 'tension'), but this gap in the literature is not the topic of this chapter. Instead, the key elements of a paradox framework mapping, categorizing and 'managing' paradoxes are discussed.

As Lewis (2000) has noted, the first step is to map i.e. to identify paradoxes and tensions. Based on a literature review and on prior empirical research (e.g. Lüscher and Lewis 2008), Smith and Lewis (2011) propose a framework which allows the categorizing of organizational tensions such as belonging, learning, organizing, and performing. If these positions are understood as 'poles' and combined in a 3×3 matrix, overall a combination of ten categories are created (learning::belonging; learning::organizing etc.). Ehnert (2009a) identified three key paradoxes of Sustainable HRM, "(1) the tensions between deploying human resources efficiently and sustaining the human resource base and the 'origin' of human resources (efficiency-substance-paradox) (2) tensions between this dual economic rationality (efficiency and substance) and a relational rationality (social legitimacy) (efficiency-responsibility-paradox), and (3) short- and long-term effects (present-future-paradox)" (extended from p. 174; see Fig. 2). These tensions have their origin in contradictory rationalities (see Kozica 2011; Ehnert 2009a) and in plurality that characterizes modern organizations (see also paradoxes of performing identified by Smith and Lewis (2011, p. 383)).

In Fig. 2, the spiral is the symbol for the development of tensions in Sustainable HRM over time which operates between the oppositions of the three paradoxes illustrated on the left-hand side. On the right-hand side of the figure the three key paradoxes of Sustainable HRM are illustrated for the workforce and work process or individual level. The first key paradox (efficiency-substance-paradox) has its origin in the traditional notion of success in HRM focusing mostly on financial

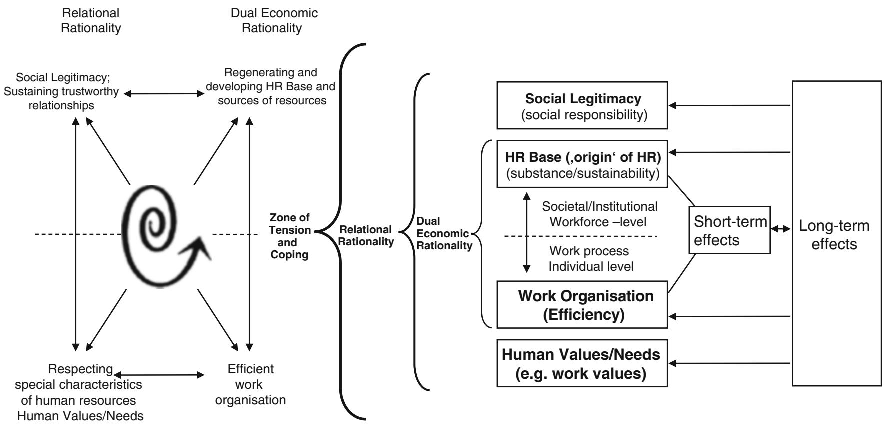

Fig. 2 Paradox framework for Sustainable HRM (Source: Ehnert (2009a), p. 175. With permission)

performance criteria and on the current workforce but not on what needs to be done today to have certain resources available in the future. Making choices which are both efficient and sustainable creates a dual economic rationality (Fig. 2; see also Müller-Christ 2011). The challenge for HRM is to deploy resources efficiently and simultaneously to sustain the future resource base for a resource which is a very particular one.

The second key paradox (efficiency-responsibility-paradox) refers to the tensions between economic rationality and relational rationality (Paauwe 2004) or ethical rationality (Kozica and Kaiser 2012). The aim is not resource regeneration and development but to maintain social legitimacy by acting in a socially responsible way. This is challenging for HRM as requirements for maintaining substance, deploying resources efficiently and being socially responsible could be different. For example, with regard to HRM guidelines such as GRI (see chapter "Enterprise Sustainability and HRM in Small and Medium-Sized Enterprises)", probably cover today's stakeholder needs well. Yet, the question is whether following the guidelines potentially neglects substance-oriented choices.

The third key paradox (present-future-paradox) comes from the characteristic of Sustainable HRM to be long-term oriented or more precisely to balance short- and long-term requirements. This requirement clashes with many observations of HRM in practice and with many conceptual approaches to HRM. The critique of being too short-term oriented is not new to HRM. HR practitioners have been observed to find themselves in conflicting situations between short-termed profit making (e.g. labor-cost pressure) on the one hand and long-term organizational viability on the other (e.g. Paauwe 2004; Wright and Snell 2005). One of the reasons is the over-emphasis on performance maximization which has made HRM in some organizations not only into strategic partners but into 'servants of senior management' focusing on short-term and operational challenges (Evans 1999). For a successful implementation of sustainability in HRM, the challenge will be to balance short- and long-term requirements by considering the values, needs and development conditions of the workforce today and by anticipating future requirements.

The paradox framework in Fig. 2 tries to make these three key paradoxes visible in a first step and to make them 'manageable' in a second. The model is based on the assumption that from the key paradoxes a 'zone of tensions' is created for Sustainable HRM and that active coping strategies at organizational and individual level are needed to deal with them. To conclude, the assumption from corporate sustainability that win-win solutions can be created almost automatically (see chapter "Sustainability and HRM)" has been contested in this chapter. Instead, the contention is advanced that tensions and paradoxes need to be expected that have to be (pro-)actively dealt with to create innovative and sustainable solutions.

3.2 Exemplary Coping Strategies for Sustainable HRM

Whether paradoxes foster change or lead to inertia depends on how they are dealt with (Czarniawska 1997; Lewis 2000). Paradox/duality theory views opposites not "as 'either/or' choices the appropriateness of which depends on a particular context, (as in contingency theory) but dualities that must be reconciled or dynamically balanced" (Evans and Génadry 1999, p. 368). There are subtle differences in basic assumptions about duality theory (e.g. Evans 1999) and paradox theory (e.g. Smith and Lewis 2011). We use paradox theory for Sustainable HRM, because it is based on the conceptualization of a dynamic equilibrium model that desires to illustrate the dynamics and tensions that we expect to occur in 'modern' organization contexts (see Table 1).

Poole and Van de Ven (1989) proposed four general ways of dealing actively with paradox, accept the paradox and the two or more contradictory poles and use them in a constructive way (opposition), separate the poles in space or time (spatial and temporal separation) or integrate the poles at a higher level (synthesis) (see also Kozica and Kaiser 2012). Ehnert (2009a) has combined Poole and Van de Ven's (1989) logical coping strategies with psychological (emotional) ones as individuals react very differently to paradoxical situations – from enjoyment to fear and inertia - and as the logical coping strategies do have different effects on the emergence of tensions. Opposition means that the tensions remain and need to be coped with in that very moment, for example (Ehnert 2009a), by reframing (Bartunek 1988; Hampden-Turner 1990) or balancing i.e. compensating opposing forces around an equilibrium (Remer 2001) or by counterintuitive action (Ofori-Dankwa and Julian 2004). The actor needs to accept, tolerate or bear the tensions emotionally (Ehnert 2009a). Spatial and temporal separations avoid the tensions in the same location or at the same time and postpone the situation where a decision-maker has to deal with the tensions to the future. Psychologically, this is similar to an avoidance strategy and

Table 3 Coping with paradoxes in Sustainable HRM

Cognitive mode of coping	Economic and relational rationality	Efficiency and substance-oriented understanding of sustainability	Short- and long-term effects
Opposition	**Balancing:** Balancing economic objectives and social legitimacy (e.g. value creation and employee wellbeing and health)	**Balancing:** Balancing HR deployment ('consumption') and HR reproduction and regeneration over time by compensating 'units' of deployment for 'units' of reproduction (e.g. demanding high performance and providing time for employees to regenerate and to develop skills)	**Balancing:** Balancing short- and long-term effects (e.g. performance as well as self-induced side and feedback effects in HR controlling or even in all HRM processes)
Spatial separation	**Layering**: Special departments for CSR and HRM	**Layering**: Different locations responsible for HR deployment and 'reproduction' (e.g. line management and HRM; or external 'resourcing partnerships' for HR reproduction)	**Layering** by 'building the future into the present' in different locations
Temporal separation	**Sequencing**: Focusing on economic rationality in competitive times and on social responsibility when legitimacy is threatened Problem: Integrity and credibility	**Sequencing**: Focusing on economic rationality in busy seasons and on HR reproduction in calmer times	**Sequencing**: Separating the time when to focus on short- and when to focus on long-term effects
Synthesis	**Integrating**: Integrating social responsibility into all HRM and line management processes	**Integrating**: Integrating HR reproduction-oriented aspects (HR regeneration and development) into all HRM processes and activities	**Integrating** (temporal layering): 'building the future into the present' in the same location (e.g. considering short- and long-term effects in all HRM decisions)

Source: Extended from Ehnert (2009a), p. 177. With permission

might be felt by the actor as reducing the tensions experienced. Synthesis, the most difficult option, offers something novel which reconciles the contradictory poles at least temporarily. Tensions are absorbed, reduced or overcome (Ehnert 2009a). In Table 3, the four modes of coping (or coping strategies) of Poole and Van de Ven (1989) are juxtaposed with the three key paradoxes identified for Sustainable HRM.

To summarize, accepting co-existence is the first answer to deal actively with paradox and it can be further developed to reach synthesis in an advanced balancing process (Ehnert 2009a; see also Poole and Van de Ven 1989). The temptation and danger is that choices for sustainability could be postponed (by spatial or temporal separation) to the future instead of making necessary choices today and integrate the future into the present.

4 Conclusions

In science, and in politics, there is a growing consensus that the life, as we know it, on this planet can only be sustained for the current and future generations if the international community and especially business organizations collaborate in a common and global effort. Many companies seem to have become aware of their role in this effort, however, it seems that many HR executives, to date, are still too hesitant to take an active role in contributing to the development of sustainable business organizations although HRM could possibly actively lead and integrate efforts – ideally with support from top and line managers. To trigger this process in HR research and practice, the goal of this chapter has been to provide avenues on how to conceptualize and implement Sustainable HRM and on how to deal with paradoxes and tensions potentially involved in this process.

A major objective of this chapter was to highlight some of the weaknesses in (Strategic) HRM research from a sustainability lens. It has been shown that an efficient HRM is necessary but not sufficient influence to make HRM systems themselves sustainable and to make vital contributions to supporting corporate sustainability. HR executives need to ask themselves serious questions about how to fill the potential new role of HRM, in which knowledge and competences are needed, how these can be developed, how to implement sustainability in HR practices and processes and whether barriers for implementation need to be removed. These barriers could include a lack of knowledge about sustainability and about the complex economic, ecological and social interdependencies, or resistance or fear of sustainability strategies.

The chapter concludes by outlining implications for practice and future research on sustainability and HRM. For practice, the author suggests that this important strategic task should not be handed over to CSR and specialized sustainability departments only, but, that those involved in managing the employment relationship should cross functional and disciplinary boundaries to identify key HR-related issues and to advance these together with their colleagues. The main reason for this is that HRM can have an important role in driving and supporting the implementation of top-down strategies, or, to stimulate the emergence of bottom-up strategies developed by engaged employees. Several key paradoxes of Sustainable HRM and appropriate coping strategies have been discussed. Depending on the organizational context different approaches to Sustainable HRM might be appropriate and HRM potentially needs to balance between general sustainability strategies and contextual design options.

For future research, both conceptual and empirical research is needed. Future basic conceptual research should continue extending the conceptual and theoretical foundation of Sustainable HRM and link these to existing indicators and measurements (such as those offered by GRI; see, for example, Cohen et al. 2012; Olbert-Bock and Ehnert 2013). Theories and insights from diverse disciplines, such as psychology, ethics, sociology, ergonomics, ecology and biology could be helpful in extending the theoretical foundation. Second, conceptual research should also take into account more than before of the importance of paradoxes and tensions for HRM (see Brandl et al. 2012; Ehnert and Brandl 2012), how these have been dealt with so far in HRM theory and how knowledge of how to cope with tensions and paradoxes can be extended.

As Sustainable HRM and related concepts are emerging, further empirical research is needed. The key challenge of this research is to explore what organizations are actually doing in making their HRM systems more sustainable and in exploring the role of HRM in developing sustainable business organizations. We need comparative case studies, explorative interviews and studies comparing Sustainable HRM across cultures (see also chapters "Sustainable HRM in the US, Sustainable HRM in East and Southeast Asia, Sustainable HRM in Europe, and Sustainable HRM in Peruvian Companies" in this book).

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Practitioner's View on Sustainability and HRM

The Case of a German Bank

Jens C. Hoeppe

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Abstract This chapter illustrates how the theoretical concept of Sustainable human resources management (Sustainable HRM) can be implemented in a medium-sized enterprise. Based on the resource-dependence view and the concept of sustainability a practical approach for human resource management is described. Following the example of a bank as a knowledge-intensive service company with a particular focus on employees, as the core resources, the conceptualization and implementation of an integrated framework of Sustainable HRM is drawn from a practitioner's view. The human resources are regarded as the essential substance of the bank's business helping to categorize all HRM initiatives in the clusters "substance maintenance" and "substance supply" based on an integrated system of "substance steering". In order to make this approach meaningful for business practice, examples of implementing

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sustainable leadership, occupational health management and family-and-career/work-life-balance are illustrated.

1 Introduction

In this chapter, the efforts of a German bank in implementing Sustainable HRM practices and processes going beyond classical Strategic HRM are illustrated. Several external and internal drivers that fostered the bank's choices for Sustainable HRM practices and processes can be identified. First, external drivers affecting the whole banking sector in Germany are the following:

- Increasing regulation by the central banking supervisory authorities
- Increasing competition in the banking market
- Increasing complexity of products and work processes
- Dwindling employment markets for highly qualified bank staff
- Declining attractiveness of a career in banks, due to the financial crisis starting in 2007, and ongoing discussion on consolidation in the banking sector
- Increasing customer demands on bank and willingness of customers to move to a rival bank.

These trends exert a decisive influence on how employees are treated in banks and about the future orientation of HRM activities.

Second, as a knowledge-intensive service provider, the success of a bank depends on the resources of knowledge, relationships and reputation i.e. the bank depends on its employees or human resources (Boxall 2003, p. 15; Schneider and Bowen 1993, p. 43). The bank's employees are the key to these resources, whereby when rendering services they are exercising a dual role. On the one hand, knowledge constitutes a significant input factor for all the processes involved in rendering the service, while on the other hand, knowledge is a major part of the bank's fundamental product which is managing risk. Hence, the skill-sets and commitment of employees contribute significantly to the quality of results (Gittell and Seidner 2010, p. 510). In their strategic orientation as a'bank of choice', institutions choose to pursue a qualitative differentiation through customer-oriented positioning. Bank employees, with their abilities, in-depth knowledge and (inter)personal skills thus assume a key role in the implementation of a business model based on client counseling (Boxall and Mackey 2007, p. 266). They therefore constitute a strategic competitive factor - both from the perspective of a resource dependence approach (Pfeffer and Salancik 1978), as well as from a resource-based viewpoint (Barney 1991).

In the case of the mid-sized bank, which is the focus of this chapter, a number of additional factors have to be considered that aggravate the situation further: for example, the bank's relatively peripheral geographic location in Germany and subsequently restricted access to suitable capable candidates for positions and the comprehensive employment market. On top of this, as result of the bank's prominent regional positioning and the comprehensive spectrum of services that have to be offered to live up to its claim to be a universal bank, there is the need to maintain a presence in certain business segments which call for particularly high skill levels.

The scope and complexity of changes in the exogenous environment and the resulting pressure on the bank to respond to this, lead to a considerable increase in the workload that has to be borne by its employees. Therefore, as an internal driver, a significant rise in absentee rates due to illness in nearly all business units (and a corresponding rise in the stress levels of healthy employees) as well as an increase in stress-related psychosomatic illness patterns prompted the bank in 2008 to conduct a detailed analysis of the causes. Beside the bank's sincerely felt sense of responsibility for the well-being of its employees, economic factors also contributed to the urgency of taking appropriate action. For example, on the basis of an average cost rate of EUR 235 per person per day, the costs of absenteeism added up to around EUR 2.5 million (2009), compared to a profit contribution amounting to approximately EUR 23 million. Merely based on this rough analysis, there would be an enormous leverage effect through a reduction in the number of working days lost to illness, not mentioning a significant positive effect on the employees' motivation and commitment as shown in several questionnaires. This clearly increased the pressure to take action and develop the hitherto selective system of health promotion and turn it into a system of professional health management, leading to a paradigm change.

This increase in workload and in absence rates is countered with a sustainable system of HRM. The objective of Sustainable HRM is to foster employees' skill-sets and motivation, to secure a high level of professional and social competence, and to position the bank as an attractive employer – both in order to retain employees as well as to recruit new staff and secure adequate recruitment sources. This chapter describes a practical approach by defining a simplified framework for Sustainable HRM, focusing on three elements and summarizing recommendations for conceptualization and implementation of Sustainable HRM.

2 Elements of the Bank's Sustainable HRM Framework

As the leading financial institution in the North West of Germany, the bank is committed to its social responsibility in the metropolitan region of the North West. This commitment is anchored in its mission statement and its accordant principles for financing projects. Such regional underpinning, reflected in the sponsoring and promotion of regional initiatives, is a solid foundation on which the bank positions itself as a responsible employer (see also Ewing et al. 2002; Ehnert 2009). Building on this, strategic HRM initiatives are designed to achieve defined HRM targets. The HR strategy is reviewed annually and places a special focus on factors affecting the sustainability of the bank's present, past and future employees (human sustainability).

The bank defines Sustainable HRM as a framework which focuses on the supply with and maintenance of the HR structure required for doing business and in the future. Besides fostering the economic view of management, aspects of social responsibility and ecological commitment are also included (economic, social and ecological sustainability). For the bank, Sustainable HRM is therefore conceived as an extension of Strategic HRM by facing the increasing dilemma of efficiency and (sustainable) investments in HRM initiatives. This dilemma is enhanced by the fact, that HRM investments are barely reduced to a single Return on Investment (ROI) figure but need much more understanding of the HR working capital with its internal and external impact.

HRM at the bank is thus based on an established appreciation of economic, social and ecological sustainability, which in turn governs all subsequent strategic HR measures (Ehnert 2009; Ehnert and Harry 2012). Due to the bank's peripheral geographic location far away from the major finance centers of the country, the trade-offs between resource dependency and resource supply assumes a special significance in respect of budgetary economics i.e. the cost of attracting, recruiting and retaining employees. This applies equally to the efficient and sustainable deployment of HR and its adequate support.

The bank distinguishes between three key elements of its Sustainable HRM framework, 'substance maintenance', 'substance supply' and 'substance steering' concentrating on present and potential employees as the essential resource of a company (Hoeppe and Lau 2011a, p. 30; based on Müller-Christ, 2001; Ehnert, 2009).

2.1 Substance Maintenance

The first element, 'substance maintenance' refers to all measures which aim at ensuring the continuity of a highly qualified, motivated and healthy personnel structure, i.e. measures that

- Maintain and promote employees'motivation and commitment,
- Support proactive and positive attitudes to change,
- Maintain and adapt skill-sets and qualifications in respect of future demands,
- Contribute to retaining talented and high-performing employees and
- Serve to stabilize the mental and physical capacity of employees.

Examples of specific strategic initiatives as parts of implementing substance maintenance are:

- Developing a system of strategic competence management in respect of early preparations to meet future challenges and as a basis for systematic development and succession planning
- Enhancing annual HR conferences to benefit from the bank's own pool of high-potentials

- Reinforcing the bank's system of employee health management in order to ensure work efficiency and to take account of the process of demographic change

2.2 Substance Supply

The second element, 'substance supply' are all measures supporting the development of the workforce from the pool of its own resources (i.e. from within the organization) as well as from external sources. Those measures

- Ensure the bank's attractiveness to the relevant segments of the labor market by professionalizing the employer branding
- Professionalize the recruiting management including HR marketing and selection procedures with regard of long-term need of employees from external sources
- Aim at adequate transparency over the bank's HR potential by identifying young, high and top potentials in order to make the best use of internal sources, and
- Involve the top management in annual review processes on long-term succession planning on basis of the common understanding of the Sustainable HRM concept (HR conferences)

Examples of specific strategic initiatives as parts of implementing substance supply are:

- Enhancing the bank's attractiveness as an employer to secure internal and external recruiting sources ("employer branding"), and
- Developing potential-oriented succession planning to minimize HR risks

2.3 Substance Steering

The bank defined 'substance steering' as the third element of the Sustainable HRM concept as a steering and controlling system is an essential tool for evaluating the success of the HRM system as basis for Sustainable HRM. 'Substance steering' includes

- Analysis of mega-trends and financial sector trends and their probable impact on the bank
- HR risk management
- HR controlling including an early warning system
- Strategic and sustainable workforce planning, and
- Shaping and implementing the bank's leadership culture.

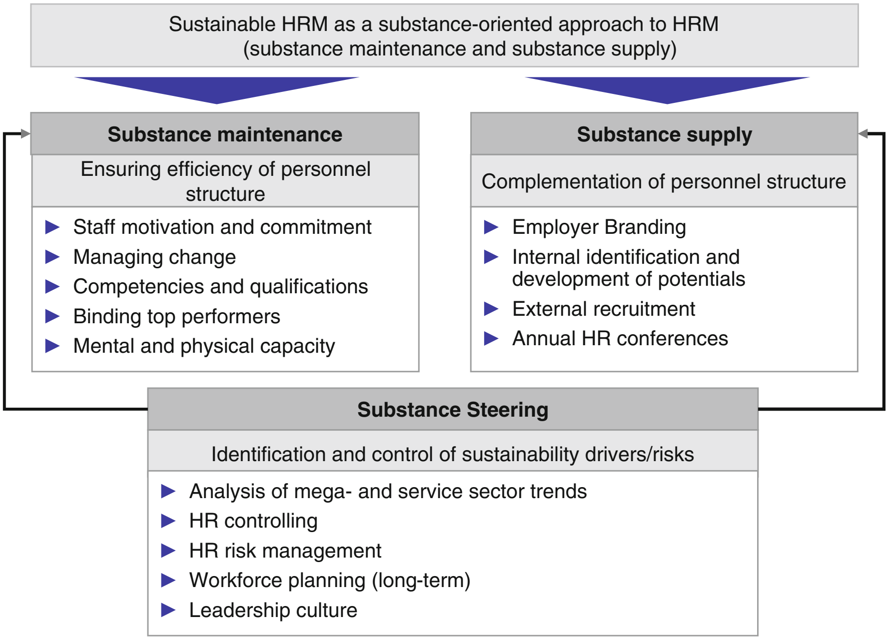

Fig. 1 Conceptualization of Sustainable HRM at the German bank (Source: Own elaboration, inspired by Müller-Christ (2001), Ehnert (2009))

The bank's substance steering is based on a comprehensive competency model in which the key competencies are defined and ascribed to their respective function levels. From the level-dependent competence profiles the bank then derives both the conceptual framework as well as the individual measures of staff selection, evaluation, development and succession planning. In this way the bank ensures a uniform orientation of HR activities in the sense of an integrated HRM aimed at efficacy, efficiency and sustainability (Hoeppe and Lau 2012). It is understood that the overriding values determining the bank's actions are respect, appreciation, and social responsibility.

The specific measures behind the individual initiatives are focused both internally and externally on HR maintenance and HR supply as the essential columns of the Sustainable HRM framework (see Fig. 1). For example, the positioning of the bank as an attractive employer is on the one hand the basis for a positive external communication of the bank's commitment to the region (shown, among other things, in the active support of the "North-Western Metropolitan Region" initiative) while on the other hand, it is aimed at recruiting through enhancing the positive perception that target groups have of the bank, and at retaining members of staff.

For this reason, the bank's employer profile is regularly assessed, compared against the expectations of the target groups, and communicated as an ongoing commitment. Hence, the objective is to reinforce the credibility of the employer branding in the perception of target groups and to elevate the bank to an employer of choice status in the region. In the conviction that its employees are the best ambassadors of the enterprise, fulfillment of the Employer Value Proposition (EVP) focuses intentionally on the bank's existing staff (Ewing et al. 2002). In addition to modern and comprehensive HR activities, central HRM conducts internal marketing by means of regular, supporting internal communication. This actively counteracts the somewhat less acute perception that employees often have of their own HRM service. A supporting measure is the bank's participation in prestigious awards, which act as promotional tools to boost the bank's image as an attractive employer.

Another significant requirement for HRM work to be effective and sustainable is the identification of operational HRM risks (Hoeppe and Lau 2011a, p. 31) which is carried out on an annual basis. This element of substance steering is missing in most HRM systems but is regarded as a *conditio sine qua non* (as a prerequisite) in the bank's approach to Sustainable HRM. It involves intensive participation on the part of leaders of the various business segments and divisions to identify the key actors and functions, making any necessary adjustments, and carrying out a systematic assessment.

3 Implementation of Sustainable HRM Practices

Since 2006, the work of the HR department, which in the past tended to be rather reactive and administrative, has been developed to become the active integrated and strategic HRM it is today taking continuous steps towards more Sustainable HRM. The main aim is to overcome the dilemma for modern HRM departments being trapped between cost-cutting projects in order to increase the efficiency and long-term investments in HRM initiatives in order to maintain the human resource substance for the future performance of the company regarding anticipated challenges (Ehnert 2009).

The effects of diverse HR instruments have been coordinated so that they complement one another. From the large number of measures implemented in the bank's system of Sustainable HRM, the examples of "leadership", "health management" and "career and family work-life-balance" have been selected as they are mutually reinforcing, supporting the "hard" basis of instruments and processes. It is these supposedly "soft" factors that breathe life into a company's HRM, giving it a personal face and making it tangibly "lived" in the eyes of the employees. This is why the bank places such an emphasis on Sustainable HRM concepts and implementation. This, in turn, is reflected both in its basic conception of Sustainable HRM as well as in the bank's diverse strategic fields of action.

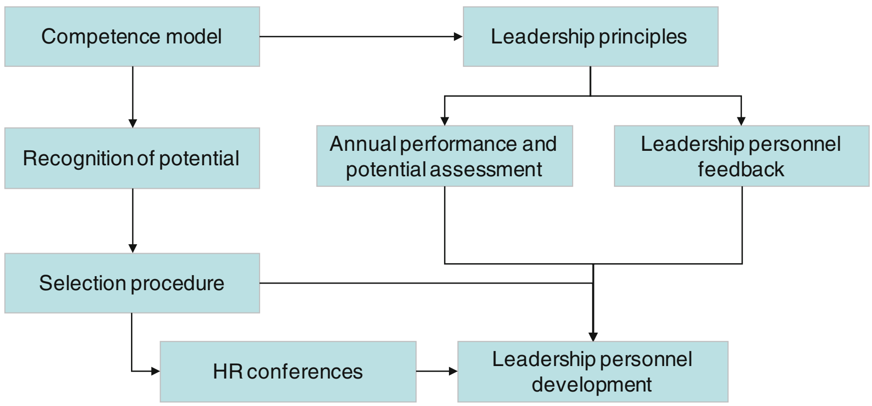

Fig. 2 Operational anchoring of the leadership principles (Source: Own elaboration)

3.1 Sustainable Leadership as a Prerequisite for Sustainable HRM

As already stated, the bank is a knowledge-intensive service provider and as such, greatly dependent on its employees, their skill-sets, knowledge, and competencies. Within the context of the trends described above, the bank's employees increasingly constitute an important strategic competitive advantage. In addition to influencing the organizational and structural frame conditions, the bank's senior staff has a predominant influence on the personal efficiency and motivation of their employees, hence functioning as representatives and disseminators of the bank's HR strategy. This makes them a crucial success factor in terms of the contribution made by human resources to the bank's performance. They are also the main "drivers" of sustainability for the bank with regard to operations and HR (see Hoeppe and Lau 2011b, p. 38) (Fig. 2).

In the understanding of leadership as a "soft", yet, key success factor the bank emphasizes the recruitment and development of (future) managers. Regarding the described aspects of Sustainable HRM, managers are the central element in internal and external effects of dealing with people as the central resource.

3.1.1 Selection of Managers and Leaders

In awareness of the fact that even a good system of HR development cannot compensate for a poor choice of leadership personnel, the bank chooses its senior staff very carefully as they provide the central multiplication function regarding the effects of HR practices as well as the acceptance by the employees (Hoeppe and Lau 2011b, p. 42). The overriding criteria with regard to the selection of external and internal candidates the suitability of a candidate's key competencies for the respective function level. The bank's selection procedures

- Are differentiated in terms of content and form in accordance with the role and requirement profiles of the position to be filled (differentiated pursuant to the requirements relating to the target functions),
- Are in line with the competence model and the leadership principles,
- Are backed up by an external service provider for reasons of confidentiality and impartiality,
- Are based on objectively validated procedures,
- Widely accepted by candidates as underlined by questionnaires,
- Are regularly examined in terms of content consistency and forecasting quality by central HRM and optimized whenever necessary.

In addition to the positive assessment of a candidate a targeted verification of leadership potential, the so-called "leadership check", is a mandatory prerequisite for being appointed to a leadership position.

3.1.2 Succession Management

In the interest of HR substance maintenance and substance supply the bank has placed, over the past few years a special emphasis on the structured identification of HR risks, and on suitable successors (Hoeppe and Lau 2011a, p. 31). The occurrence of HR risks is countered proactively and in a long-term perspective via the identification and advancement of potential successors. The bank's HR work is shaped by the process of succession planning; in particular, the following steps are carried out on an annual basis:

- Identification, qualitative and quantitative assessment of HR risks and risk candidates in the various organizational units (risks due to shortages, adaptation, exit, and motivation),
- Analytical evaluation of the risk situation in respect of potential deputies and successors for identified key candidates,
- Bank-wide identification of successor candidates for deputies or successors, structured according to hierarchy levels and development schedules, and
- Derivation of fields of action with regard to respective members of senior staff, as well as bank-wide and or intra-divisional HR initiatives

The central success factor for this phase of strategic planning for HR risk and succession is the active involvement of the management board as well as the executives or line managers responsible for the different business segments and staff units as they are the prerequisite for a solid sustainable substance steering.

3.1.3 Development of Senior Staff and Leaders

In order to optimize the crucial success factor of competent leadership, the bank has established a comprehensive system of management development with numerous integrated HR instruments (Hoeppe and Lau 2011b, p. 44). Beside the specific qualifications for respective function levels, the bank attaches great importance to a targeted profile for activity-related leadership and management skill-sets. A professional evaluation of the transfer of knowledge and skills gained into operational practice secures the effectiveness of the individual measures. Leadership development at the bank is divided into three key elements:

- Establishing and widening knowledge of leadership skills
- Situational support
- Maintaining leadership quality

The establishment and widening of leadership skills is a significant element of management development. Following a comprehensive 2-year program which the bank calls "Fit for Leadership" and initial practical leadership experience during which they are accompanied through individual measures, new members of the bank's leadership personnel take part in so-called "practice accompaniment" measures. Within the context of peer consultation, backed by individual leadership modules, close cross-division ties are established among the participants in addition to extending their leadership ability in a practical exchange of experience on the basis of real life situations. These ties are generally maintained long after the end of the program. In recurrent leadership workshops, basic theoretical knowledge and its implementation into daily practice is refreshed or supplemented. The issues addressed in the workshops change according to current challenges but remain anchored within the framework of the bank's leadership principles.

Individual coaching and team development measures are offered as situational support in operative business as and when required. While coaching in the initial phase of a leader's new role and coaching in specific, generally problematic, everyday situations aims at reinforcing and developing individual performance, team development measures serve to strengthen group cohesion and create a more comprehensive system of conflict management.

Maintaining the quality of leadership involves the regular personal reflection of one's own leadership behavior and the development of personal leadership performance. Reflecting on leadership behavior is consistently oriented to the bank's leadership principles: once a year, the members of senior staff and all the bank's employees are assessed by their superiors, with the main focus being on personal leadership behavior. Every 2 years this top-down assessment is supplemented by a bottom-up assessment, which focuses exclusively on the implementation of the leadership principles. The results are discussed in bilateral talks and serve as a basis for the individual development of the respective member of senior staff, who has sole responsibility for acting on them, and, in collaboration with their line manager, possibly requesting appropriate action on the part of HRM. A collective analysis guarantees that the providers of feedback and the individual results remain anonymous. This analysis also serves as an initial basis for further development of leadership quality. These rather generic findings are supplemented by an employee survey, which is also carried out every 2 years and includes questions relating to leadership. Through such a multi-faceted evaluation of the leadership impact and awareness of its significance is regularly brought to the minds of members of senior staff. At the same time the evaluation offers concrete points for the targeted further development of this vital element of HRM.

3.1.4 Experiences with Sustainable Leadership

In summarizing the significance of "leadership" and "management qualification" and how they are reflected in everyday operations, it may be stated that the bank's fundamental internal concept of Sustainable HRM is being put into practice step-by-step in its HR strategy and in the corresponding HR instruments:

HR substance maintenance is ensured by a Sustainable HRM that reflects policies of HR development, regeneration and retention as well as the preservation and reinforcement of personal efficiency and motivation. As the decisive representatives of the bank's corporate philosophy, its leadership personnel receive regular training, encouragement and support via numerous and diverse channels. The reflection of individual leadership competence criteria in HRM instruments results in a unified standard and its operative implementation.

HR substance supply is accorded great importance in a knowledge-intensive service provider characterized by a high level of specialization as is found in the bank with its specific fields of business, and an increasingly tight labor market for senior staff who meet the bank's specific requirements. This challenge is met via the identification of internal promotees and their targeted development. The subsequently developed potential-oriented successor planning picks up on this aspect to secure a sustained and adequate additional supply to the different functional levels in a healthy combination of internal and external recruitments. Overall, a successful implementation of sustainable leadership practices and processes are a prerequisite of the effectiveness of further Sustainable HRM practices such as the bank's comprehensive occupational health management system.

3.2 Towards a Salutogenetic Occupational Health Management System

Following its social and economic responsibility and even obligation to care for its staff, the bank has always invested in measures to promote the health of its employees. This is reflected in numerous initiatives (such as exercises to relieve back strain, anti-smoking courses, influenza vaccinations and "health days").

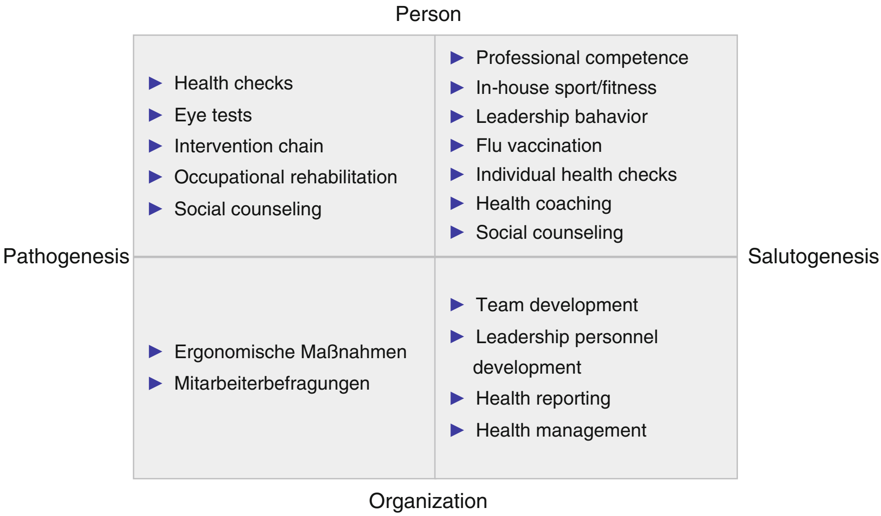

Fig. 3 Framework for the occupational health management (Source: Own elaboration inspired by Antonovsky, 1987)

However, these are predominantly single and isolated activities and are therefore rather unsystematic. It was not until 2009 that a comprehensive, coordinated system of operational health management with its processes firmly integrated in operating structures was put in place. As a result of the direct impact that the trends described in the introduction have on employees of the bank, it became apparent that a sustainable, systematic structure was needed as well as a firmly rooted, all-round system of operational health management in line with employees' needs. Thus, health promotion initiatives extended to the health management under aspects of Sustainable HRM, here emphasizing the maintenance of the physical and mental aspects of the HR substance and enhancing the bank's performance and competitiveness (Hoeppe and Wemken 2012, p. 45).

3.2.1 Analysis of the Initial Situation and of Employee Surveys

The starting point for a strategy of occupational health management was a clear classification of the causes of a "sickness structure" into "person – organization" and "pathogenesis – salutogenesis" (Antonovsky 1987). Here, "pathogenesis" is understood as the prevention or changing of pathogenic, i.e. health threatening behavioral patterns, whereas "salutogenesis" is the provision of support for health promoting patterns (Fig. 3).

Surveys of employees make an important contribution to an organizational analysis of employee health with regard to pathogenesis. As mentioned earlier the bank carries out surveys every 2 years including topics such as "work environment", "cope with shaping the work activity and the work situation", "HR instruments", "health", and "culture". The results are used to compile an "employee commitment index". They also deliver valuable insights into the need for action throughout the whole bank as well as in the individual divisions. Repeated surveys and their subsequent evaluation serve to monitor the impact of the measures that are generated and help to identify the points that still need to be worked on. These employee surveys are a form of the "organization's health check".

The results of the analysis formes the basis for a review of hitherto isolated offers in the "health tool-box", which in some cases had not been specifically coordinated. Above all, it was necessary to develop and implement a clear occupational health management philosophy to make it possible to define and communicate a unified reference framework to ascertain and to organize the contents. The shift from isolated and short-term measures of health promotion to an integrated system of occupational health management involving interlinked measures and programs necessitated a paradigm change that could only be realized with the support of the management board. A crucial success factor is the ability to convince the actors by means of facts and figures (Hoeppe and Wemken 2012, p. 44).

3.2.2 Occupational Health Management: Fields of Action

The bank's "new" health management system focuses on HR substance maintenance, i.e. systematic regeneration and renewal of its internal human resource base. This is achieved by creating suitable framework conditions, structures, and processes aimed at designing work and organization in a way that preserves the health of employees and fostering health promoting behavior on the part of leadership personnel and all the staff. Derived from the analysis structure, the individual modules were allocated to the quadrants of "person – pathogenesis", "person – salutogenesis", "organization – pathogenesis" and "organization – salutogenesis". Together with the supplementation of new modules such as individual health checks both for manager and for employees, health coaching, and reporting, this facilitated the development of a comprehensive concept for the needs of the bank. The realization of the individual fields of action together with their organizational placement (and thus clearly defined responsibility) ensures their transfer into operational practice (Hoeppe and Wemken 2012).

This understanding of a sustainable health care system differs from the previous approach in that health care activities are integrated in operative routines and that the core processes of "diagnostics", "planning", "intervention" and "evaluation" are regularly checked and improved. This control cycle incorporates the various decision-makers in the occupational health management system who are organized in a central steering committee referred to as the "health committee". This guarantees the optimum coordination of individual measures. The HRM division is responsible for implementing the approved measures, enabling the help of various internal and external decision-makers and coordinating the activities. The composition of the health committee includes all areas of responsibility so that activities can be effectively coordinated in the committee. For the purpose of operative implementation and supervision, various health-promoting measures in the action fields are allocated to a person who is then in charge of that activity.

First, the bank has focused on careful implementation of legal requirements such as occupational safety, the organization of visual display unit (VDU) workplaces, and the reintegration of employees who have been ill for a long time. However, as the analysis has also revealed possibilities to improve processes, the bank has generated and communicated a much more individualized offer of health promoting measures aligned to individual employee needs. This offer has been welcomed and used widely by the staff and today forms the catalyst of the bank's occupational health management.

As already pointed out, the bank believes that its management staff plays a central role in Sustainable HRM (Hoeppe and Lau 2011b, p. 38). Against the background of more difficult economic conditions, the demands – and subsequently the pressure – on senior staff are increasing. In the long term, this extreme pressure has a negative effect on their physical and mental performance. This has to be faced actively by measures of the health management aiming at the managers' and employees' sensitivity for healthy working practices and a healthy lifestyle. The significance of this aspect is emphasized in the HR strategy focusing on health management as important part of Sustainable HRM. In cooperation with a sports medical institute, the bank therefore offers top and line managers over 40 years of age a regular health check to help them retain a strong physical constitution. This check is voluntary, involves a comprehensive physical analysis, can be repeated every 3 years and the bank is not informed about the results. The implications of the tests include tips on how to improve manager's state of health and physical fitness. For non-managerial employees a less comprehensive medical check is offered. All individuals are responsible for implementing measures themselves, and they may take advantage of the bank's wide range of offers of wellbeing facilities and services. These include the possibility of receiving support from a health coach, who helps them to make any necessary changes to their lifestyle and eating habits. In the bank's understanding this is part of a salutogenetic and health supporting approach towards Sustainable HRM (Hoeppe and Wemken 2012, p. 46).

3.2.3 Processes for Implementing Health Management

After encouraging the awareness and commitment of the management board by figures and key indicators, the different fields of action can only be implemented once responsibilities have been clearly delegated. In the bank the responsibilities are divided into six modules which are managed by different employees integrated in a network (Fig. 4):

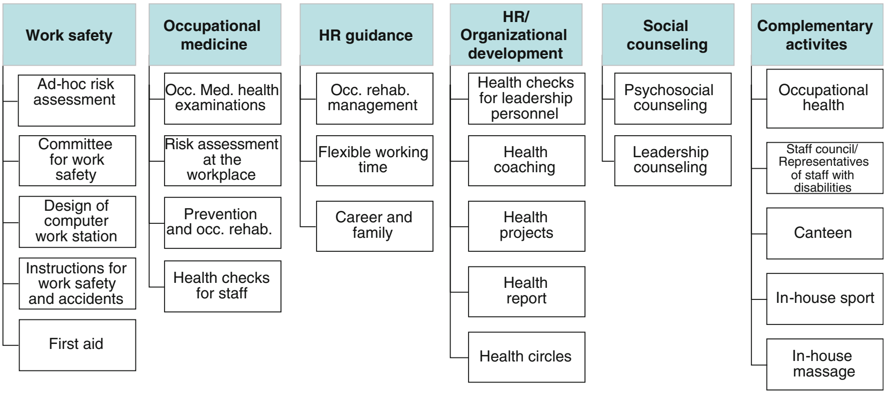

Fig. 4 Responsibilities for the elements of occupational health management (Source: Own elaboration)

- Work safety
- Occupational medicine
- HR guidance
- Human resources and organizational development
- Social counseling, and
- Complementary activities

After the management board has passed a formal, official resolution, intensive internal communication served to create awareness among staff members and make the elements transparent. In the HRM communication concept for the structured implementation of internal HR marketing, individual aspects of healthcare management are regularly included to ensure that employees remain aware of them. The offers have been taken up on a large scale, which underscores the continued significance of the "health" topic. In some cases it has already led to quick improvements.

The bank processes the six fields of action systematically. It pays particular attention to alleviation in the area "person – pathogenesis" in order to return the employees in question to a stable (health-related) environment as quickly as possible. Although practices in this field of action are merely reactive measures aimed at alleviating acute situations relating to illness, the pressure to take action is greatest here since positive effects need to be achieved in the shortest possible time. The activities include an intervention chain to prevent risks of dependence and addiction, reintegration management for those who had been ill for a long time, and a comprehensive offer of company sports activities.

Social counseling is an essential element of occupational health management also offered on a voluntary and free basis to the bank's employees. Social counseling is an offer to support employees at an early stage in the case of conflicts at work and in their private lives, thus ideally supplementing the scope of services offered. The fundamental philosophy is a holistic view of employees in their entire environment, since professional and private aspects are increasingly becoming mingled. As an answer to counter the growing mental pressures on employees the bank has started collaborating with an external provider of social counseling services. Deliberately, the bank has chosen an external social counselor due to the fact that their neutral status means that they gain the trust of those seeking advice more quickly. The employees contact the social counseling service because of issues in the areas of “work environment”, “stress, fear, depression” and “private concerns”. The high frequency of use and the contribution of the service to healthcare measures is reflected on a collective level in the annual action report prepared by the social consultant.

Although the reduction of illness-related absenteeism plays a prominent role in the bank’s short-term view, from a long-term vantage point measures to maintain and promote health are far more important due to their preventive nature. The main focus here is on the salutogenetic field of action. An important goal of occupational health management is thus the preservation of employees’ physical and mental ability to perform, although in the end it lies within the self-responsibility of each individual employee to accept the bank’s offers or not. This makes it all the more necessary to tailor and communicate the offers to suit target groups and make them attractive in order to achieve a high level of participation. Within this context, in 2008 widespread cooperation was established with an association of fitness companies that geographically covers the bank’s whole recruitment area. This gives every employee the opportunity to take part in an attractive individual program within easy reach of their place of residence. The bank covers a large share of the costs, thus significantly reducing the individual membership fee. Coupled with the attractive range of offers, this has resulted in a third of all employees actively participating in this corporate fitness program.

The awareness of health issues embedded in the bank’s management development processes makes its leaders more professional and assists them in handling stress situations. In addition, the behavior of senior staff has a decisive impact on social interaction in the work environment especially on teambuilding. Defined work units (groups, departments, divisions) handle current conflicts or issues with the help of a professional facilitator in order to improve future cooperation. The promotion of a team spirit, and hence also social networking, is an important activity. Heads of division have an annual ‘event budget’ specifically for teambuilding purposes.

Finally, “health management” deals with the reporting system, which comprises reports on absenteeism during the year and the annual health report. Accrued periods of absence are reported in a quarterly analysis and made available to the respective leadership levels. Taken together with a regular jour fix (one fixed day) meetings with HRM they deliver initial indications of the need for short-term action, which are then specified in detail with the responsible health management decision-makers. Whereas this makes quick, event-driven responses possible, the annual health report is a consolidated documentation of the entire system of healthcare management. It contains commentated figures as well as the activity reports of the staff responsible for health management.

3.2.4 Experiences with the New Health Management System

The modules presented are a selection from a whole catalogue of measures tailored for each individual employee. The entire holistic effect of the bank's health management can only be really appreciated, though, when the organizational environment conditions are also reflected. On the one hand this includes a process of analysis – such as the employee surveys and fundamental job-related measures (quadrant "organization – pathogenesis") – and on the other hand, the positive influence of the bank's management and corporate culture, the stabilization and promotion of work structures and the detection of early indicators in the reporting system (quadrant "organization – salutogenesis").

It can therefore be stated that professional occupational health management makes a decisive contribution to raising productivity and process reliability by reducing periods of absence and ("unproductive") labor costs, to enhancing employee satisfaction and efficiency, to improving the bank's internal and external employer branding and thus to improve the sustainability and regenerative capacity of its HRM system.

3.3 Combining Career and Family or Work-Life Balance

The third element of the bank's Sustainable HRM system is the focus on work or family-life-balance. The increasing competitive pressure on the labor market, the changed values of young high-potentials, and the increasing career orientation of young women have not bypassed the banks. In addition to the aforementioned elements of health management, securing the efficiency and sustainability of the organization plays a central role against the background of current trends. This explicitly encompasses the rapid return to work of young mothers and fathers after their parental leave (which can be up to 3 years in Germany) and maintaining contact, between the bank and employee, during that time – especially since these employees are generally staff in whom the bank has already invested a lot of time and effort. From a business point of view, to ignore this HR potential would be irresponsible, given the current process of demographic change and the emerging lack of capable specialists.

Paying close attention to "career and family/work-life balance" is therefore indispensable for reducing potential conflicts between employee's professional and private lives. As recognition for its efforts, the bank has been certified as being a "family-friendly company" by the Hertiestiftung (a foundation which provides certificates to family friendly employers in Germany) in 2009. First, this serves the purpose of HR substance maintenance in a system of Sustainable HRM through taking account of the increasingly flexible lifestyle of employees and the resulting importance of binding employees to the bank. Second, this achievement and the resulting public commitment of the bank are increasingly vital as a component of the "employer value proposition" and also of the bank's image and brand as an attractive employer.

3.3.1 Understanding Work-Life-Balance Practices

The bank's understanding of work-life balance follows a modern definition of 'a family' and takes account of demographic shift in the German population and of the social and family environment of the bank's employees:

> With 'family' we mean all [private] communities in which there is an acceptance of long-term responsibility for others. This assumption of responsibility is expressed in the way children are brought up and taken care of as well as in the care provided to family members and partners. (The bank)

The bank offers time-related, informational, financial and direct support to enable employees to combine their career and private life in a successful manner. Time-related support comprises flexible working time models and periods of leave from work. Support through making information available includes comprehensive individual counseling sessions, either with the bank's social consultant or with the external family service with which the bank cooperates. These cooperation partners also offer advice on a wide range of subjects, for example, on home care and care for the elderly. Other work-life-balance practices include seminars on stress management within the context of the HR development program, financial support in the form of child allowances and benefits or part-time study courses improving employee qualifications with the bank assuming a large share of the costs upon successful graduation. The latter possibility aims at enhancing the promotion prospects of ambitious employees who might otherwise leave the bank in order to obtain such further education and thus contribute to maintaining the bank's HR substance in spite of increasing pressures on the labor market.

Direct support is mainly provided through a cooperation partner who offers comprehensive services to alleviate the pressure on employees. The focus here is on issues such as childcare and home care for the elderly. Childcare includes advice and mediation with regard to all the different care options available – from people providing day care, private care workers, au pairs and care facilities. The service also offers care in emergencies, holiday programs, assistance with homework, and support lessons. Home care and care for the elderly comprises advice and support for people in need of assistance and those in need of care, as well as their family members. The bank provides the names of care providers, domestic staff, everyday helps, ambulant services, homes and rehabilitation clinics.

3.3.2 Flexible Working Time as a Basis for Improving Work-Life Balance

To support individual employees' need for flexibility to have a work-life-balance, a new working time model has been developed in the early 1990s. In a spirit of partnership, the bank organized several workshops involving more than 100 employees from each level in the hierarchy, in which the participants collaborated on finding solutions how the employee interests could be brought in line with the bank's needs. Two main problems soon became apparent: the core working times did not fully cover the customer contact times. Moreover, before the introduction of more flexible working times, it had only been possible to accumulate a maximum of 10 h of working time credit on an employees' time account – hardly sufficient in times of increasing demands on flexibility.

In view of the results obtained from the workshops, the bank developed a working time model which became known as the "Bremen model" and was subsequently introduced in other companies including banks. The new working time model introduced so-called "function times". The number of employees that need to be present in a business unit at any given time is determined by the work that needs to be performed and the competencies required doing the work. The employees reach agreement in their groups or departments and undertake to make sure that the people required are present during function times. Working hours are entered in an HRM system. The bank also introduced a 'traffic light account' with three phases (green, amber and red) to enable employees to take compensatory time off over a longer period. The three phases result from a time deficit or from overtime. In the green phase, the working time account show a maximum of 20 h short, or 20 h of overtime. When the actual number of hours worked in a month deviates up or down from the scheduled working time by between 20 and 30 h, the time account moves into the amber phase. In this phase employees should try to reduce overtime work, or alternatively to work overtime, in order to return to the green phase. Members of senior staff only need to be involved if the employees are not able to arrange things themselves, or when whole working days are to be taken as compensation. In the red phase (30–40 h short or overtime) senior staff members should seek to come up with a solution together with their employees to enable them to return at least to the amber phase.

When bank-wide projects result in long-term phases of extra work, limits and compensation periods are extended. Thus, in the case of extraordinary requirements of time worked without the immediate possibility of reducing accumulated overtime, the flexibility of the bank can be extended along with a simultaneously increased commitment on the part of its employees. The flexible working time model has proven to be ideal for meeting the requirements both of the bank and employees.

Top and line managers play a central role in implementing the model because their support and approval is necessary for employees to make full use of it. As an emphasis to top and line managers their crucial role with regard to "career and family work-life balance", the bank has established a system of regular communication and has included the criterion of "family-conscious leadership work-life balance" in its leadership competence model. This means that family-conscious leadership is included in the HR instruments of assessment, bottom-up feedback, and employee survey. This "hard cross-linking" with the HR instruments repeatedly reminds top and line managers of their responsibility in this area, namely to deal with people in a way that follows the idea of HR maintenance and regeneration.

3.3.3 Implementation and Experiences with Career and Family/Work-Life Balance

In order to ensure a structured conception and consistent implementation of the target image of a family-friendly enterprise, the bank subjected itself to a recognized certification process (Hertiefoundation). The definition and operative implementation of the individual measures depends on the availability of resources and employee capacity. Ongoing communication with the bank's employees is ensured by a newsletter which was specially introduced for the project and leads to raising (internal) levels of awareness.

In summary, it can be said that the measures have achieved all intended results raised by employees' questionnaires. This is also reflected in a clear rise in the commitment index that is a part of the employee surveys. Employees are now paying great attention to the practices and they are also increasingly being considered. This underlines the impression that our HR practices are contemporary and necessary.

4 Recommendations for Conceptualizing and Implementing a Sustainable HRM

Drawing up a concept for a Sustainable HRM and implementing this concept generally calls for a paradigmatic shift (see also chapter "Sustainability and HRM" in this book). This can only be carried out effectively and efficiently when there is a clear commitment on the part of top management and when an understanding of sustainability is promoted that reaches far beyond the scope of environmental protection and demonstrative commitments to corporate social responsibility. In order to create the basic framework for establishing a mutual and conductive fundamental understanding suitable for serving as a long-term orientation, it is recommended that a written management consensus on this fundamental understanding and the individual related aspects be drawn up to put an approved framework in place as a guideline for preparing a detailed concept and for deriving individual measures. Of course, the direction and characteristics of an appropriate HRM system need to be matched to the corporate strategy and guarantee a reliable external image. This means that it is essential for the philosophy of Sustainable HRM and its organization to be based on the culture of the respective enterprise so that it will be able to communicate credible, reliable internal and external messages. This calls for a preceding analysis of corporate culture which can then be used as a basis for comparing targeted and actual aspects of the employer profile

In the case of the German bank, it has proved to be extremely helpful to break down the understanding of sustainability in the management of human resources into the categories of 'substance maintenance' and 'substance supply' in the understanding that employees as human resources are the essential substance of a company. Anchoring the notion of substance maintenance and substance supply based on the fundamental understanding of human resources as valued, rare, inimitable firm resources, which are to be realized by organizational structures and processes (Barney 1991) is a constant driver of the HRM's internal and external stakeholders. The understanding of sustainability as a balance of resource consumption and resource reproduction (see also chapter "Sustainability and HRM" in this book), can be used to classify all strategic HRM initiatives and instruments and to categorize the HR practices as sustainable or not sustainable. Yet the concepts can only be created and implemented in the long term with the help of executives who, as multipliers of the HR strategy and in their direct leadership work, have a direct impact on people in the organization and subsequently constitute the critical success factor in day-to-day practice. Implementation must thus first focus on creating awareness among top and line managers, second on developing accordant skill-sets, third on supporting their application in their daily operations, and fourth on controlling intended and unintended outcomes in the long run.

5 Conclusion

Even though the concept of 'sustainability' might appear to be contemporary and at times a populist fashionable term due to its vague definitions and interpretations, it must be stated that against the background of quantitative and qualitative shortages, future-oriented HRM will become an existential issue for many employers in Germany and elsewhere. The practical example shows that HRM can be positioned in the dilemma between cost efficiency and resource sustainability and can prove itself without becoming overstretched between the two extremes, ultimately to fail. The essential requirements, beginning with commitment on the part of top management, through integrated conceptualization and implementation by a professional HRM function, up to implementation in daily practice by top and line managers have shown how the course needs to be set for a successful Sustainable HRM.

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Part IV
Sustainability and HRM in Different Areas of the World

Sustainable HRM in the US

The Influence of National Context

Sully Taylor and Caroline Lewis

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Abstract This chapter examines the US research on Sustainable HRM and explores the extent to which it is shaped by its national context. The authors argue that the fundamental worldview that underpins US business models and conduct have resulted in three major impacts on US HRM research and practice, which influenced the subcategory of US Sustainable HRM: privileging the firm's financial bottom line in evaluating effectiveness; the supremacy of managerial autonomy in decision making regarding HR matters; and the belief that what is positive for the firm is equally positive for its employees. The authors use

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Sustainable HRM research published in top-level US based management journals to illustrate these arguments. In conclusion, the authors discuss how by identifying these assumptions there is a clear path to re-evaluating the basic assumptions of US Sustainable HRM.

1 Introduction

Over the last decade there has been increasing scholarly attention given to Sustainable HRM in management literature. For the purposes of this chapter, Sustainable HRM is defined as creation of HRM systems that simultaneously help a firm achieve its environmental, social and economic goals, while recognizing that a firm's HRM system itself has significant social impact on its employees and the communities they live in (Pfeffer 2010) and that there can be inherent tensions in trying to balance all of its Sustainable HRM objectives (Ehnert 2009). While initially mostly descriptive and anecdotal, the research in the Sustainable HRM arena has become more empirical and data based in the last few years. There has been an explosion in the number of conference papers and published articles on Sustainable HRM, and an increasing number of books written on the subject. This rapid growth may have been given greater impetus by the spectacular lapses of corporate ethics in such corporations as Enron in the beginning part of the twenty-first century, further exacerbated by the reckless and unethical behavior found in the banking and mortgage industries in the first decade of the Millennium. The devastating effects on employees and communities have led researchers and public opinion to question the role of HRM in aiding or allowing "white-collar" criminal activities or unethical behavior. For example, in a paper by Spector (2003), the fall of Enron is viewed from an HR perspective. Spector illustrates how HRM policies directly and indirectly allowed individual and collective employee behavior that undermined Enron's corporate social responsibility and financial viability. In detailing the history of and challenges facing HRM, Wright et al. (2011) categorizes "the 2000s" as a time filled with company scandals at Enron, MCI-WorldCom, Qwest and Adelphia Communications. Ultimately, these scandals prompted the Sarbanes-Oxley Act, legislation that increased accounting transparency and created personal accountability and criminal liabilities for misreporting. This recognition of the responsibility of HRM in good corporate governance and individual employee behavior could be a significant contributing factor to why HRM publications become interested in Sustainable HRM topics. Examination of the submissions to the Organizations and Natural Environment's Division of the annual Academy of Management meeting, the largest and most prestigious academic management association in the US, demonstrates that the research being conducted on this topic has been thriving. The number of special issues and Calls for Papers (CFP) on the subject has also been increasing at such journals as *Human Resource Management (forthcoming, 2012), Personnel Psychology (CFP, 2011), Journal of Organizational Behavior (CFP, 2011), International Studies of Management* and

Organization and Management Revue (CFP, 2011). When examining the output over the last decade, a question arises as to whether the academic research and writing in Sustainable HRM in the US has features that distinguish it from the research output of academics in other areas of the world, particularly Europe. This chapter explores why we may expect differences to exist, what these distinct features of US focused Sustainable HRM may be, and how they may influence the emphasis and research theories used.

The chapter is divided into five main sections. The first part explores the way in which the Western worldview of capitalism has acquired a distinctive US form that in turn informs the now dominant view of HRM found in US academic writings. In the second part of the chapter, select recent literature dealing with Sustainable HRM issues in leading US management journals is examined to consider how these reflect this dominant view. In the following section, the chapter looks at how this results in an emphasis on the environmental goals that are fulfilled by a Sustainable HRM system. In the fourth section, the chapter discusses the reasons for a predilection for certain types of management theories in US Sustainability HRM research in these articles. The chapter concludes with some discussion of the benefits and limitations of the US approach to Sustainable HRM, and what an alternative approach might encompass.

Before beginning, it is important to note that the focus in this chapter is on the US academic literature concerning Sustainable HRM, and does not attempt to encompass the full North American (Canada and Mexico) region. The reason for this narrower focus is that the business systems of each of the three countries that comprise North America have significantly different historical and cultural roots that have resulted in systematic differences in how firms operate, what societal expectations exist concerning their responsibilities within and beyond their organizational borders, and what role government plays in driving corporate behavior (Hood and Logsdon 2002). Thus, in order to simplify the discussion, the distinctive characteristics of only US Sustainable HRM are examined.

2 Underlying Assumptions of the US Worldview: Approach to Business and Sustainable HRM

The central question of this chapter is whether the academic writing on the topic of Sustainable HRM in US based publications reflects a distinctive worldview that informs the questions asked, the assumptions made, and the research theories used. A worldview has been defined as a *set of beliefs, symbols, values and segments of objective knowledge that are widely shared in a given society over a considerable period of time* (for at least the life-span of one generation) (Matutinović 2007). The dominant worldview of a society is largely the product of economics, ideology, religion and technology, all supported and constrained by the natural environment. The institutions that grow from the worldview around such things as labor exchange, education and civic life, thus exist in a wider cultural context (Matutinović 2007, p. 1112), and determine "…socially acceptable rules concerning exploitation of resources or land use" (Matutinović 2007, p. 1112). As a consequence, they shape individual behavior and choice. Institutions tend to 'lag' other changes (e.g., changes in natural resource availability and technology), and thus ultimately become constraints on present choices and change.

The Western worldview of economics and thus of the role of business activity since the Industrial Revolution can be characterized as embracing rationality, materialism, and the work ethic (Matutinović 2007; Vogel 1992). Within this broader Western worldview however, there are distinct variations that can be broadly described. As Maignan and Ralston (2002) point out, "Partly because of its Protestant heritage, American society has adopted a much more positive image of businesses. In the U.S., corporations are expected not only to conform to social norms defining desirable behavior, but also to set the standards for appropriate behavior" (pp. 510–511). Yet in Europe, "…there has been much cynicism about the moral worth of capitalism, and of businesses in general" (Vogel 1992, p. 43).

2.1 Effects on US HRM

These variations in worldview ultimately shape how HRM itself has largely been depicted by US scholars, and leads to subtle but important differences from their Western counterparts, particularly in Europe. For example, Matten and Moon (2008) discuss the idea that political systems, financial systems, education and labor market systems and cultural systems influence how US corporations approach CSR issues in comparison to European companies.

One of the overarching assumptions in US business is that HRM "…promotes firm performance" (Gooderham and Nordhaug 2011, p. 27), and thus should be market-driven (Pudelko 2005). This makes HR executives 'partners' in the strategy making process, in order to ensure that the HRM system it adopts has the most appropriate design to maximize the company's economic goals (Jackson and Schuler 1995; Schuler and Jackson 2005). A subtle aspect of this assumption is that, like all resources, human resources are to be obtained cheaply and used sparingly, and exploited as fully as possible (Sparrow and Hiltrop 1994), i.e., there is an 'efficiency' perspective that pervades this approach. A second assumption of US HR scholarship and practice is that HR managers, like the executives hired to run companies on behalf of shareholders, should be as free as possible to use managerial autonomy in the selection of HRM practices (Gooderham and Nordhaug 2011). This stance assumes that HRM systems should be firm specific so that the particular bundle of valuable assets that the firm possesses is utilized in a way to maximize competitive advantage, and that moreover, there is a strategically appropriate way to 'fit' the HRM system to the firm's performance goals (Becker and Gerhart 1996). It is thus a prescriptive approach. Finally, US HRM approaches exhibit a unitarist viewpoint that assumes that the interests of employers and employees are not divergent or conflicting (Gooderham and Nordhaug 2011).

By and large, the view in US HRM is that employees are individuals (Pudelko 2005) seeking to maximize returns to their human assets and to continue to add value to those assets through forming a 'win-win' employment relationship with a company (Arthur 1994; Arthur et al. 2005). Indeed, this view assumes that workers are "…sentient humans making free choices in competitive markets (and) can, and should, fend for themselves" (Pfeffer 2010, p. 42), and that the outcomes of markets are fair.

This shift in the US towards viewing employees as individual contributors whose role is to primarily contribute to the financial bottom line of the firm was given an additional push by the requirements of new equal employment opportunity (EEO) laws in the 1960s. This led the HRM function to systematize their processes and quantify their results, including measurements of performance achievements of individual employees to justify promotion and firing decisions. "By the mid-70s, virtually all medium-sized and large companies had established equal employment opportunity units within their personnel functions" (Dyer and Holder 1988, p. 16). EEO law coupled with other regulations such as Title VII of the Civil Rights Act of 1964, further bolstered the developments described above.

This perspective on HRM is part of a larger trend within the overall US academic field of management that has gradually reduced its focus on human welfare while concentrating almost exclusively on performance, particularly on that which results in economic benefit for the firm. In an in-depth study of the articles published between 1958 and 2000 in the main journals of the Academy of Management (an organization originating in the US, and largely dominated by the US business environment), Walsh et al. (2003) found that "While management scholarship shows a steadily increasing fascination with performance, interest in human welfare peaked in the late 1970s" (p. 862). With respect to HRM specifically, the authors go on to note that:

> Economic framings have similarly captured the field of Human Resource Management (HRM). Dobbin and Sutton (1998) show how the origins of HRM have been elided and replaced by a self-interested economic rationale. The government's original concern for the workforce, enacted through regulations, was first recast as the field of personnel management, and then HRM reframed these workforce concerns as concerns about the firm's economic performance. A social mandate was recast as an economic issue. Attention to human resources quickly found justification in its link to firm performance. The contemporary excitement about strategic HRM and its link to wealth creation (Delery and Doty 1996; Huselid 1995) is a clear manifestation of this phenomenon (p. 866).

This view is supported by other scholars (e.g., Brewster et al. 2007; Sotorrio and Sanchez 2008; Hood and Logsdon 2002). It has also led to a lack of debate within the academic literature (particularly in the US) concerning what HRM is, and whether it should be done at all. As Keegan and Boselie (2006) point out, "…a largely managerialist, prescriptive and non-critical HRM discourse produces readings of HRM that normalize managerial priorities and make it more difficult to claim that HRM policies and practices be scrutinized according to broader ethical and non-managerial standards (Legge 1999; Winstanley and Woodall 2000)" (p. 1492). Figure 1 illustrates the key ways that the US business environment has influenced US HRM.

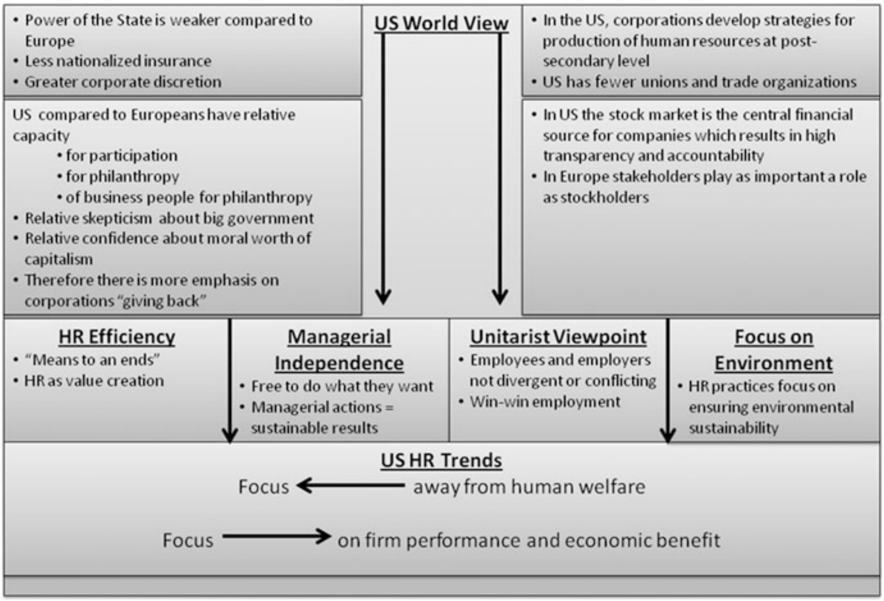

Fig. 1 US business model and effects on US HRM (Source: partially adapted from Matten and Moon (2008))

2.2 *Effect of US HRM Approach on US Sustainable HRM Research*

Given the three characteristics of US HRM outlined above, the question arises if, and how, these views and beliefs affect how scholars see the role HRM plays in achieving sustainability in a company. In this section, we will draw on articles drawn from major US academic journals that have rather high Social Science Citation Index (SSCI) impact factors to explore whether indeed these three features of US HRM are prevalent in US based literature on Sustainable HRM. This follows Lockett et al. (2006), who focused on management journals with the highest SSCI impact factors for their study of the Corporate Social Responsibility (CSR) literature, and found that the majority of these are US based. In addition, as they argue, authors writing for one of these 'A' journals are more likely to cite articles in geographically and methodologically similar journals, leading to a reaffirmation of the prevailing assumptions and conceptualizations of management theories (Lockett et al. 2006).

The articles discussed are meant to illustrate rather than to provide a rigorous, evidence based study. The selection of articles is based on the following criteria: (a) appears in a 'A' or very well-regarded US based journal (although a few journals with a clear managerial focus will be drawn upon as well); (b) has appeared in the last decade (2000–2010) (with a few exceptions); (c) deals with a clear HRM system and/or practice issue in the context of achieving social and/or environmental goals for companies. The selection assumes that authors publishing in these journals, regardless of their nationalities or institutional affiliations, sufficiently exhibit in their articles the dominant US HRM paradigms to be published in a major US management journal.

3 Influence of US HRM Assumptions on US Sustainable HRM

3.1 Emphasis on Contribution to Firm Performance, Competitive Advantage and Efficiency

To discuss this particular aspect of the influence of US HRM assumptions on US Sustainable HRM, it is best to first draw on the managerially oriented literature. In the managerially oriented conceptual literature, the arguments made for creating a Sustainable HRM system in firms are largely couched in terms of how improving the planet (or minimizing damage) presents a good business opportunity. In such journals as *People & Strategy*, which is a managerially oriented publication of the US based Human Resource Planning Society, this view is clearly present in its recent special issue (vol. 33 (1), 2010) on Transitioning to the Green Economy. As one example, in the introductory article, Daniel Goleman draws on Nidumolu et al. (2009) to state that "...the tradeoff between sustainable products and financial costs is a false choice, one that fails to see how the pursuit of sustainability can lower costs, raise revenue and drive growth through innovations" (p. 7).

In much of the academic literature on Sustainable HRM that is oriented to the US audience, managerial and academic, HRM is seen as a means to an end. That end is embedding a strategy that leverages a concern for sustainability, and particularly environmental impacts, to create systems and products that can generate greater returns to the firm. This belief can be seen in an article by Steubs and Sun (2010) when they describe how a corporation's commitment to CSR is a "means to the ends" of HRM searching for a way to contain payroll costs and increase employee productivity. The idea that sustainability initiatives are often based in value creation was also affirmed by Sotorrio and Fernandez Sanchez (2008). In their study, they discovered that "for North American companies, generation of value and firm size has greater power in explaining CSR[1] behavior with customers" (p. 386) than in European companies (see chapter "Sustainability and HRM in International Supply Chains" of this volume).

This view that Sustainable HRM must contribute to the overall performance, competitive advantage and efficiency of the firm can also be seen in other articles in

[1] CSR was defined using 46 different components divided into four indices, economic responsibility towards customers, social responsibility towards employees and community and environmental responsibility towards the environment.

the top-rated US management journals concerning specific HRM policies that can help a company achieve its sustainability goals. For example, Berrone and Gomez-Mejia's (2009a) *Academy of Management Review* article on environmental performance and executive compensation ties the justification for better environmental performance to firm performance. They focus on firms in environmentally sensitive sectors, and argue that those that "... have good environmental performance enjoy social legitimacy and organizational survival capabilities" (p. 103). They see this as part of a revisionist view of good environmental performance that views good environmental performance as beneficial for companies (Hart 1995; Porter and van der Linde 1995; Hart and Milstein 2003; Porter and Kramer 2006).

Boards of directors and others involved in setting CEO pay should thus find ways to reward CEO behavior that leads to the best environmental policies for the firm, even when the outcomes are uncertain or even intangible, as ultimately this will ensure a source of competitive advantage and firm survival. In a similar vein, Haugh and Talwar (2010), publishing in *Academy of Management Learning and Education*, discuss how to best embed sustainability into companies through HRM policies such as training and workshops, codes of conduct, communications and dialogue, employee volunteering opportunities, company visits etc. These authors tie a firm's ability to embed a sustainability mindset in employees to a positive impact on shareholder interests through increasing the social legitimacy of the firm ('enhanced company image'), ability to recruit and retain quality employees, and an increase in customer loyalty.

A number of other authors have also argued that a firm's sustainability reputation can enhance the effectiveness of its HRM activities, and thus lead to greater competitive advantage. Turban and Cable (2003), publishing in *Journal of Organizational Behavior*, assessed the competitive advantage a firm with an enhanced corporate sustainability reputation can derive from having a greater quality in its applicant pool. They argue that the corporate reputation of a firm is affected by its corporate social performance, as defined by a range of nine characteristics focusing on social, environmental and quality of products (Turban and Greening; 1997). They found that better quality applicants will be attracted to firms with a better social performance reputation, and as a result, firms are able to interview and select higher quality applicants. This is important to a firm's competitive advantage because, they argue, all remaining HR success and firm performance relies on the quality of the applicant. Therefore, being able to select higher quality applicants provides a firm with "a competitive advantage" (Turban and Cable 2003). Similarly, as cited in McWilliams and Siegel (2010) there are three main human resource advantages to being socially responsible: enhanced recruitment, retention and increased productivity (Willard 2002). These are advantages because they lower overall labor costs. In Behrend et al. (2009), a firm's reputation, which was influenced by a positive corporate social performance, "provided a competitive advantage in attracting applicants (p. 342)." Finally, in a study by Aiman-Smith et al. (2001), it was found that the strongest predictor of organizational attractiveness and job pursuit intentions was the organizations' ecological rating. The interesting aspect of all of these articles is the focus on 'doing well by doing good', that is, by having an enhanced corporate sustainability reputation, a firm's HRM system is made more productive from a competitive advantage point of view– but not necessarily more sustainable in and of itself (i.e., changed to help the firm achieve its environmental and social goals in addition to the economic goal).

A recent departure from this outlook seen in the articles discussed in this section can be seen in Boudreau and Ramstad's (2005) discussion of how to link talent management and sustainability in firms. While most articles focus on either how to use HRM policies to engender sustainability enhancing behaviors in employees (e.g., CEO pay focused on environmental goals), or how to use a firm's sustainability reputation to attract ecologically-minded, high quality applicants (thereby enhancing the quality, retention and motivation of employees, which leads to greater competitive advantage), these authors argue that if a firm truly targets a non-financially beneficial result from its strategic actions, such as reducing hunger in Africa, this will change the type of talent the firm needs, what it trains them to do, and how it rewards them. Boudreau and Ramstad use the example of DuPont, which rather than trying to capture the gains from its technological development of new seeds, shared these with farmers in Africa to ensure quick and wide dispersion of life-saving products. They argue that just as the "...pivotal talent pools for traditional financial goals vary with organizations' strategies and competitive challenges; it's the same with sustainability" (2005, p. 134). Their discussion, while tantalizing, does not offer a fully developed model of an alternative set of assumptions concerning Sustainable HRM, but does indicate that there may be more profound and transformative changes in the HRM systems used by firms in order to achieve a sustainability strategy.

3.2 Emphasis on Managerial Autonomy

The second key idea that underlies US HRM is that managers, including HRM executives, should be as free as possible to take actions that are economically rational, as greater success will (it is believed) lead to positive results overall for society – a view underscored by prominent economic theorists such as Milton Friedman. For example, Wirtenberg et al. (2007) exhibit this perspective in their examination of how key executives at nine large public multinational firms aligned their organizational systems to enact a sustainability strategy. Drawing on human capital theory, they argue that HRM must contribute to building the required individual competencies in such areas as leadership, change management, and workforce engagement to support a particular firm's 'sustainability journey'.

Other writings also reflect this belief in the importance of managerial autonomy to achieving a sustainability strategy, and in designing a Sustainability HRM system that fits the company's sustainability strategy. For example, Porter (2008) argues that to achieve sustainability initiatives, the best strategy is a bottom-up initiative where employees are empowered to develop their own ideas, and sustainable projects are championed to upper management by mid-level managers. Thus emphasis is on middle level managers as "key players in the strategic and eco-renewal process, as they are the linking pins between top down CSR intentions and desired sustainability results" (p. 407). Additionally, an empirical study by Porter (2006) found that middle managers' activities and attitudes were significantly related to environmental initiatives in the organizations studied. This underscores the importance of HRM executives taking the initiative of designing reward schedules and systems to motivate group activities towards desired sustainability outcomes as well as the importance given to managerial autonomy itself. Managers, and by extension HRM executives, can shape members' activity by providing incentives to improve a firm's performance on social, environmental and economic areas (Porter 2008). Likewise, Egri and Herman's (2000) study of 73 leaders in environmental organizations revealed that a leader's personal values, personality characteristics and leadership skills contributed to the leader's behavior to lead in an ecocentric way. The study offers empirical support that environmental leaders have stronger ecocentric values orientations than other types of leaders. The implications from this research are that when recruiting individuals to achieve environmental initiatives focus should be given to individuals who exhibit ecocentric personal values, self-transcendence and openness to change. This emphasis on managerial sustainability competencies supports the notion that managerial action and autonomy are needed to support a firm's sustainable strategy, and thus HR should be involved in identifying and selecting the sustainability competencies it needs.

3.3 Emphasis on Unitarist Employee: Employer Relationships

In general, using HRM to pursue a sustainable strategy is viewed as creating value not just for the company, but also for the firm's employees. This 'win-win' belief is reflective of the underlying unitarist stance found in much US HRM. Many of these positive effects are psychological, increasing the self-esteem and sense of belonging of the individual employee. An example of this can be found in Turban and Cable's (2003) article, in which an emphasis is placed on social identity theory to explain the attraction of reputable firms to employees. Individuals generally categorize themselves into social categories based on group membership. Members of a group will share a common identity. Therefore, if a firm has a positive reputation, it will be viewed as providing a greater sense of self-esteem to its group members. Thus, a firm with a good reputation provides benefits both to itself – attraction of higher quality talent – and to its employees – higher self-esteem. We thus see how the 'win-win' perspective surfaces in US Sustainability HRM.

There is also a sense that both employees and the firm benefit from the pursuit of the creation of a sustainable HRM system. For example Behrend et al. (2009) found that environmental messaging on recruitment websites, a component of a

Sustainable HRM system, increased job pursuit intentions. The benefit to the firm in this case is a larger applicant pool. However, contrary to Employee – Organization job fit theory, employees' pursuit intentions were not representative of the employee's personal attitude to the environment. For the potential employees, the authors concluded that the environmental messaging was probably seen as a signal that if the firm could spend money on environmental concerns also it could probably afford to give its employees greater pay and benefits. It thus enabled applicants to maximize their individual return on their human capital.

The same win-win, unitarist viewpoint is at the core of Berrone and Gomez-Mejia's (2009b) article. The focus is on rewarding executives in order to incentivize them to support the environmental and social agendas of the firm. The emphasis is on providing a win for the executives in compensation and a win for the organization in environmental and social stewardship (Berrone and Gomez-Mejia 2009b), and both are achievable at the same time through the effective design of a Sustainable HRM system.

3.4 Emphasis on Environmental Impacts of Sustainable HRM

A salient feature of most Sustainable HRM in the US academic literature is the overwhelming focus on the environmental goals of the firm. As Pfeffer (2010) points out, "…a search of Google Scholar finds 20,800 entries for the term "ecological sustainability," 53,000 for "environmental sustainability,"" but just 12,900 for "social sustainability" (p. 35). When narrowed to the field of Sustainable HR, the overwhelming number of publications are about the impact of HR practices on achieving eco-innovations and reductions in negative environmental impacts (e.g., Egri and Herman 2000; Bansal and Roth 2000; Ramus and Steger 2000; Lawrence and Morrell 1995; Milliman and Clair 1996; recent special issue of People and Strategy, 2010). This is further confirmed in a study by Lockett et al. (2006) in the related area of CSR. They found the environment was the primary focus of CSR literature in US management journals from 1992 to 2002: 36 % of the journals had an environmental CSR focus while only 10 % had a stakeholder focus. They argued that the CSR focus is substantially driven by individual journals. For example in *Strategic Management Journal*, 64 % of the articles had an environmental focus (Lockett et al. 2006).

This focus is unsurprising given the orientation in much US Sustainable HRM toward the value Sustainable HRM can create for the firm, its shareholders and selected stakeholders such as customers and suppliers. The value that a firm can derive from such things as less material resource usage, enhanced differentiation from eco-products, or more positive environmental reputation (such as lower cost of capital), is much easier to quantify and justify to shareholders. The Berrone and Gomez-Mejia (2009a) article is a clear illustration of this. The authors propose that rather than ethical values, stakeholder pressures, or strategic position, "CEOs follow environmental strategies because they have economic incentives to do so" (p. 119). They further assert that "structuring executive compensation around environmental performance can benefit firms" (p. 120) because "environmentally legitimate firms can attract and retain better partners, customers, and employees than poor performers (Buysee and Verbeke 2003; Henriques and Sadorsky 1999; Sharma and Henriques 2005; and Turban and Greening 1997), and thus have less employee turnover and fewer unproductive associations" (p. 104). The right compensation structure can stimulate managers to deploy effort and resources toward environmental initiatives to make the firm legitimate and by encouraging the CEO to monitor environmental behaviors at lower organizational levels. No mention is made of social sustainability goals in the article.

3.5 US Sustainability HRM Theories of Management in Research

One consequence of the characteristics of US Sustainable HRM discussed above is that the majority of the theories utilized by writers in this area are well-established and well-known approaches that have been highly appropriate for studying HRM when it is seen as a strategic management tool, reflective of an enabler of managerial autonomy, and unitarist in its effects. The theories are consequently largely firm and individual focused, and emphasize increasing firm competitive advantage and individual performance or benefit. For example, we find that Resource Based Theory (RBT) (Barney 1991) is drawn on repeatedly to justify the creation and utilization of Sustainable HRM or related activities in CSR at the firm level. As an illustration, McWilliams and Siegel (2010), in their conceptual paper on creating strategic CSR, draw on traditional theories of Resource Based Theory (Barney 1991) to develop their model of how strategic CSR can lead to a sustainable competitive advantage for the firm. Among these can be, as in RBT, the creation of distinctive human resource capabilities and processes, while at the same time, human resources are also important in carrying out the CSR activities of the firm. The model McWilliams and Siegel (2010) develop rests firmly on the benefit to be derived by the firm. As they state, "...(T)he ideal level of CSR for the firm, the level that maximizes the private return, can theoretically be determined by cost-benefit analysis" (p. 4). While not usually as clear about their theoretical framing, much of the practitioner oriented literature on Sustainable HRM is also imbued with the belief that the firm's value will be increased by well-designed HRM policies that target employees' behavior toward environmental and social goals (e.g., recent special issue of *Strategy and People, 33(2), 2010*).

At the individual level, the benefits to individual actors, either psychological or economic, are examined utilizing such theories as agency or social identity and signaling theory, and organizational citizenship behavior. For example, person-organization fit theory (Kristof 1996), in conjunction with individual needs (e.g., need for affiliation, environmental sensitivity), has been drawn on in a number of studies concerning how Sustainable HRM can attract high quality applicants to apply to the organization (Aiman-Smith et al. 2001; Behrend et al. 2009; Wei-chi and Yang 2010). Various other mainstream management theories have also been utilized: organizational justice perceptions are affected by the firm's CSR actions and ultimately shape employee attitudes and behaviors (Rupp et al. 2006); empowerment for eco-innovations by individual employees and the relationship to supervisory behaviors (Ramus and Steger 2001); agency theory (Berrone and Gomez-Mejia 2009a); organizational citizenship behavior literature (Boiral 2009); and social learning theory (Haugh and Talwar 2010). What is notable about the theories utilized is their focus on how to shape the individual employee's attitude, motivation or behavior to enact a sustainable business strategy. Little of the US HRM sustainability literature utilizes lenses from other disciplines to examine the complex systems that Sustainable HRM represents. Sociology, systems science, and public health are among the many fields that may have something to offer, but have not surfaced much in the U.S. literature to date (see also chapters "Sustainability and HRM and Social Sustainability and Quality of Working Life" in this volume).

4 Discussion and Conclusions

In this chapter, we examined the broad characteristics of US Sustainability HRM literature. We argued that the writing in mainstream US based journals on the subject reflects an overarching world view that is infused with a particularly US set of assumptions about the role of business in society, the role of managers, and the relationship between employees and employers. The chapter offered illustrative pieces from this literature to provide examples rather than conclusive evidence.

The purpose of the chapter is to provide an opportunity to those drawing on this literature to reflect on what assumptions underlie much of this work, and thus to enable researchers in this field to ask the question of whether this coheres with the deep shift in worldview that sustainability may necessitate (Matutinović 2008), or can even adequately deal with the sorts of tensions outlined by Ehnert (2009) that Sustainable HRM encompasses. This does not mean that we must reject the many contributions US Sustainable HRM has made any more than we should reject the research results of US sustainable business strategy and operations. Precisely because of the firm and managerial autonomy that are characteristics of the US business model, the US approach to sustainability has engendered many innovations in everything from corporate governance (e.g., B corporations see http://bcorporation.net/) to self-initiated industry groups to address global social sustainability issues. These firm and managerial innovations provide significant experimentation for HRM researchers to draw upon, such as how HRM is conceived and implemented in B corporations. At the same time, however, it may be time for US Sustainable HRM research to consider questioning basic assumptions of US HRM practice and reflecting on how they can contribute to the development of Sustainable HRM and business by offering other theoretical lenses to the issues involved.

The three key assumptions of US HRM described in this chapter provide an avenue for this re-examination. US Sustainable HRM researchers could begin with examining the assumption that HRM should be structured and implemented such that the firm's financial bottom line is always, and primarily, enhanced. What would an alternative approach to this assumption look like, and how would it affect the US HRM model? First, it would put more emphasis on collective good rather than individualist action (including individual firms) and rewards (Brewster et al. 2007). Moreover, the model puts more emphasis on a stakeholder rather than shareholder model in evaluating firm performance and less orientation to judging firm performance through the prism of capital markets. In addition, it acknowledges the legitimacy of the larger environment in which the firm acts, rejecting an anthropocentric perspective in favor of a more ecocentric vision, "…centered more on the preservation of ecosystem integrity" (Boiral 2009, p. 223). In conjunction with this, the model recognizes the wider social and ecological benefits of Sustainable HRM (Pfeffer 2010) and that employees may want to increase the environmental performance of a firm not just to enhance their own economic performance or to increase self-esteem, but because they are "….citizens who may be subject to negative consequences resulting from the release of contaminants within or outside the work environment" (Boiral 2009, p. 225).

The examination would also question the assumption in the US HRM that autonomy of managerial action regarding the creation and implementation of HRM systems is both highly desirable and necessary for effective firm performance. Again, there would be more emphasis on collective good rather than individualist action and rewards. Presumably in Sustainable HRM theory and research question creation, there would be less emphasis on autonomous managerial action independent of internal groups of employees or external social factors such as Trade Unions. The recognition of the positive contributions of collective voice, captured so well by US labor economists Freeman and Medoff (1984), yet largely ignored by mainstream US HRM researchers for the past three decades, would be re-investigated in light of the twenty-first century workplace and workforce. The work being performed by scholars such as London and Rondinelli(2003) on engagement of external stakeholders for firm social and environmental performance would also be incorporated for its implications for the HRM systems and function. While this emphasis on inclusion of the collective voice flies in the face of much of the extreme individualism of US society (Hofstede 1980) it is also a recognition that solutions to the sustainability problems facing the world must be addressed through a reliance on the collective.

Finally, the acknowledgement of the value of collective 'voice' (Brewster et al. 2007) is also an implicit acceptance of a non-unitarist view of the employer-employee relationship, that is, that there can be divergence in the interests of managers and worker. This third assumption of US HRM researchers and practitioners has been heavily promulgated to the workforce over the past three decades, accompanying the decline of the traditional unionized workforce. Appealing to the independent, rugged, self-made individualist image many Americans hold of themselves, US companies have built HRM systems that hold out the promise of providing a venue for an individual to build the skills and knowledge needed to progress economically in society, even if they don't stay within the same firm (Arthur 1994). Even when the US economy was growing robustly in the 1990s and 2000s, many workers in the middle and lower economic brackets began to fall behind and to suspect that this 'unitarist' message was not entirely accurate. US Sustainable HRM researchers could contribute greatly by examining this unitarist assumption more critically and helping firms with a sustainability strategy create a revised conceptualization that is more balanced, reflective of the present day realities of the US labor market and educational opportunity structure.

Re-examination of assumptions that underlie dominant institutions is a step towards creation of a US Sustainable HRM to underpin the evolution of the economy towards a sustainable model. It is a long-term process, but there are increasing indicators of pressures in this direction. For example, while in this chapter we have largely focused on authors writing on Sustainable HRM within US "A" journals, as these are perceived as having the greatest influence on thought in this area at this time, there are researchers publishing in newer journals that are less well-known and more specialized, such as *Business and Society* and *Journal of Business Ethics*. While these journals do not yet carry the import for the larger field of HRM scholars and practitioners in the US, some of this work indicates that there is questioning of the assumptions of US HRM found in mainstream US Sustainable HRM research. In addition, over the past decade, younger labor force entrants and workers have increasingly indicated disquiet with the primacy of the financial bottom line in evaluating the effectiveness of firms, including its HRM function. In a survey of US MBA students, for example, NetImpact (2007) found that a majority were willing to take a lower salary rather than work for a firm that they considered socially irresponsible. Meeting the needs and desires of this younger generation of talent, as well as addressing the discontent of the large part of the workforce being left behind in the US economy, give even more impetus to the work of these younger scholars of US Sustainable HRM who to date can mostly be found in newer journals with less circulation and less current impact. How soon will this work result in substantial change in the way US Sustainable HRM is defined, researched or practiced? While it is likely to take a while for real effects to be seen, these efforts are part of the process of undermining the dominant worldview so that it can be replaced with one that is sustainable. As Matutinović (2007, pp. 1130–1131) points out, ". . ..because of a constrained learning process, substantial and coherent institutional changes (the one that is needed to set Western societies on a sustainable path) can only happen in a punctuated way: when the current worldview has been questioned to a sufficient extent so as to enable a paradigm shift."

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Sustainable HRM in East and Southeast Asia

Philippe Debroux

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Abstract This chapter's objective and contribution is to describe and analyze HRM systems in East and Southeast Asia, paying particular attention to the conditions that would permit the evolution of the current systems on a sustainable basis. First of all, we describe the current context in terms of the philosophy, architecture, policies and practices underlying the HRM systems. Their forces and weaknesses are analyzed in general term and in the key countries of the region. Then, are explored the possibility of development of sustainable HRM policies and practices taken into account the specific characteristics of the socio-cultural,

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political and economic environment. In this period of transition the characteristics of the systems that are observed in all key countries attempt to integrate sets of new concepts, practices and expectations developed in the region but also in the other parts of the world. They consider the concept of sustainability in a broader perspective, for example in incorporating the social and ecological dimensions. As a result it could be argued that they are more efficient and effective than before in some respects. However, the transformation is still incomplete and uncertain. The serious problems, notably of inclusiveness of important categories of human resources that are still observed put in question their sustainability in a long-term perspective if they are not tackled earnestly in the years to come.

1 Introduction

1.1 HRM Sustainability and Performance

A Human Resource Management (HRM) system can be considered as sustainable if it delivers the expected performance in a long-run perspective to the relevant stakeholders. The concepts of performance and sustainability can only be defined in a given decisional context whose evolution reflects the shift back and forth of the relative stakeholders' power relationship and legitimacy, the needs they express and their expectations of what constitutes business performance. After the Second World War in the United States, many European countries, and Japan, HRM systems have been nurtured that could be considered as sustainable – although with a focus on economic rather than social, human or ecological sustainability.

The HRM norms and values were legitimized, supported and/or imposed through economic, societal and political instruments of power. They shaped modes and practices of functioning, and assured the production and reproduction of appropriate human resources (HR), from recruitment to training and beyond. They were backed-up by specific management tools of control and guiding, in a corporate governance system driven by professional managers. They were supported by institutional arrangements between management, labor organizations and government assuring long-term continuity of the system.

Appeased employment relationships led to a reasonably fair redistribution of profits to the permanent workers and the possibility of long-term agreements between management and labor. A large number of stable permanent and increasingly skilled jobs were created. This contributed to generating sustainable competitive advantages, inducing corporate growth and profitability and facilitating upward social mobility for large segments of the working class. Higher standards of living induced a virtuous circle of production and consumption, enriching the states and local communities.

However, the virtuous circles they created were based on the dominance of national interest and the subordination (forced or accepted because of socio-cultural and/or institutional norms) of specific groups of Human Resources (HR). Organizations were able to optimize the potential of some HR and were arguably socially responsible in caring about the welfare of the permanent male workers in large companies in the home countries. It was not the case of the other HR such as women, foreigners and workers in the supply chain. Moreover, these systems were built on a vision of social and economic progress linked to unlimited production growth. In so doing they largely neglected the ecological dimension of sustainability.

1.2 Sustainability in a Multi-Stakeholders' Business Environment

With the simultaneous rise of almost equally influential stakeholders companies are expected to be fair and trustworthy to all of the various stakeholders (Zadek 1997). The sustainability of HRM systems based on norms anchored in national socio-economic and cultural contexts is put in question. Pressure is exerted to adopt norms and practices considered to be universally applicable to maximize HR performance. However, business is also compelled to satisfy higher and broader performance standards encompassing social and environmental criteria.

While developing talent management strategy and devising differentiated treatment for the core strategic employees HR policies are expected, by external stakeholders including governments and crucial customers- especially those influenced by pressure groups in the USA and Europe- to give equal opportunity to all categories of people. Offering stable and decently paid jobs, better access to training and career advancement to a larger range of HR previously neglected could simultaneously reinforce the competitiveness and address labor shortages. That would in turn increase global productivity, lead to generally higher wage and boost consumption. At the same time, companies could better internalize social costs, avoid exceeding the social carrying capacities of some of their HR, and redistribute more fairly the profit of their activities. In developing countries in Asia, improving the quality of growth rather than solely rely on cheap labor and an ecologically costly export-driven economic model, could help to shift toward a HRM system whose sustainability would be based on greater eco-efficiency and social equity.

2 Sustainable HRM and Socio-Economic and Cultural Context

2.1 The Double Paradigm of HRM Legitimacy Considered

2.1.1 The Socio-Cultural Basis of Sustainability

In the whole Asian region emphasis was always put on socio-cultural elements inspired by Confucianism, Buddhism, Islam, or other faiths, ideologies and creeds. It appears in the motto of Japanese and Korean (in this chapter when we mention

Korea we mean South Korea) companies utilizing the family as a motif (Sugimoto 2010; Hemmert 2009); in Indonesia's Pancasila (Five Principles) emphasizing the respect for authority, the search for social harmony, the important role of personal relationships and social connections and conflict avoidance. Likewise in the Thai concept of Men pen rai, reflecting the desire to keep peaceful relationships; in the National Shared Values in Singapore, reminding people of the need for mutual respect and tolerance (Torrington and Tan Chwee Huat 1998) and in China's communist ideology promoting egalitarian relationships.

Asian firms were very often presented as being more than purely institutional devices in which management and employees pursue separate interests based on individualistic utilitarian assumptions. Relationship-based psychological contracts emphasized mutual loyalty with interests transcending the interests of formal organizations. Sustainability of the employment relationships had a moral and ethical connotation. Cultural expectations of societies were high in this respect with a strong normative impact. Social institutions such as religion (especially in Thailand, Malaysia, Indonesia and Pakistan), group and company concepts (especially in Japan and in Korea), family (especially in Southeast Asian countries) and ideology (especially in China and in Vietnam) exerted a pressure to assure long-term job guarantee to permanent employees. Organizations modeled themselves on each other, reinforcing constantly the mimetic pull in this regard.

Inside the organizations, management enjoyed internal legitimacy. In credential and status-driven Japanese and Korean societies, employees looked upon their managers as people who had performed (starting from school) better than themselves in a fair and relevant competition in which they were all engaged on equal terms (Sugimoto 2010; Hemmert 2009). In China too, the meritocratic element (in recent decades) was broadly important in the legitimacy of the hierarchy (Warner 2010). Patrimonial Southeast Asian organizations were never driven according to the same meritocratic criteria- with the exception of Singapore (Garett 2009). But Asia countries are mainly of high power distance types run according to a concept of hierarchy in which, for example in Japan and Korea, people of all ranks traditionally accepted their positions in society that they acknowledged to be legitimate (Hofstede 1991). So, since the end of the Second World/Pacific/Sino-Japanese war, employees generally willingly acted in accordance with their prescribed roles in a cooperative (mutually beneficial) system rather than engaging in a zero sum (or negative sum) struggle to alter the distribution of power and rewards.

2.1.2 The Rationalization of Sustainability

In order to consolidate the recognition and legitimacy of the social norms stress was put on the market rationality of the HRM system. The source of sustainability and long-term oriented dynamics of efficiency and effectiveness (for instance the continued ability to compete on the basis of quality and responsiveness to customers' specialized needs) was linked to the socio-cultural and historical context, i.e., on its impact on the long-term loyalty, commitment, ethics of work and discipline of the workforce (Sugimoto 2010). Conversely, the coercive isomorphic pulls (DiMaggio and Powell 1983) to conform to the rules were assured by the legal environment. In China, Malaysia and Indonesia social and cultural factors led to laws restricting the lay-off of permanent employees. In Japan, the norm of lifetime employment was never enshrined in any law but its principle was backed by the state through legal doctrine and court precedents that protected permanent employees, at least in major companies, against arbitrary action by owners and managers. The permanent employees were seen to be dependent on their employers and faced strong incentives to act in accordance with the long-term interests of the company, lest they would lose their employment status and fall into the category of the unprotected workforce. Therefore, management was in command and had authority to manage employees' career and working conditions. However, there was to some extent an effective balance of power based on the prospect of the state intervention.

Rationality and sustainability also justified the creation of dual labor (permanent/ unprotected) markets. Companies would claim to uphold the paternalistic principles while in different contexts they expressed allegiance to the market principles and emphasized the economic rational of their HRM system in adopting modes of production driven by cost control and flexible suppliers. Major Japanese, Korean and Taiwanese companies did not directly use (at least until the end of the 1990s) much contingent labor (workers who are denied access to fringe benefits and work for low wage without guarantee or expectation of continued employment) but their suppliers employed contingent labor and offered much lesser pay, benefits and security of employment. Thus there developed a wide wage (and other employment factors) gap between large and small companies. It was not, however, seen by large companies as incompatible with cooperative long-term work arrangements with their permanent employees. Meanwhile in much of Southeast and South Asia companies have prospered with a majority of workers in the informal labor markets while in Southwestern Asia unprotected migrant (contingent) labor (mainly coming from other Arab and Southern Asian countries) has made up the majority of the working population.

Those pillars of HRM sustainability are now challenged by the simultaneous surge of requests for higher efficiency, social fairness and environmental awareness especially from major customers in the USA and Europe. Companies cannot afford anymore to keep their paternalistic treatment of the permanent workers and to neglect the other sources of HR. In broader terms, there emerges recognition that large parts of the working population are underemployed so create a burden on the external stakeholders – the State, the taxpayers and the extended family. The 'us' and 'them' type of self-sustained and self-contained organizational culture also translated in neglect of the environment (pollution of water, air along with deforestation and damage to the soil), especially in the case of the large Japanese, Korean and Taiwanese companies. Likewise, the same narrow mindset contributed to the neglect of the small shareholders in both developed and developing Asia.

2.2 The Paradoxes and Ambiguities of the New HRM Paradigm

2.2.1 The Attractiveness of the HPWS Template

The modernity of the high performance work systems (HPWS) template appeals to the new generations of Asian managers. It is said to respond to their yearning for work environments stripped from 'wet' relationships based on what they perceive as obsolete social norms, symbols of organizational stagnation, complacency towards bad performers and unfairness to the well-performing ones (Debroux 2011a). Arguably, changes in mutual expectations, lead to a loosening of the traditional bonds of loyalty and obligations with its perceived sustainable long term orientation. The legitimacy of the hierarchy cannot be taken for granted by management and job protection is illusory (and unwelcome for some) in the mind of the more capable, (often more individually centered, flexible and younger) employees. The trend is encouraged by the presence of larger external labor markets that offer more opportunities of mobility and immediate reward to skilled workers, technicians and managers. The higher labor turnover of skilled workers in many countries indicates that employees are ready to take advantage of this opportunity for mobility (Debroux 2011a).

2.2.2 HPWS in an Asian Context

The long-term orientation and high commitment-based dimensions of the HPWS are not alien to Asian organizations. Nevertheless, if Asian companies have nurtured both individual and collective concepts and practices it is often difficult to mix the HPWS paradigm with these because it is based on concepts of organizations and value systems- coming mainly from the USA ways of working. In the HPWS more is expected from core employees than purely utilitarian personal calculation. However, the objective is not to reproduce the Japanese 'community of fate', the Chinese danwei or the paternalistic South and Southeast Asian organizations. High commitment and engagement do not exclude mobility from both parties. The sense of autonomy is expected and not rule-following based upon top-down communication or instructions. Teamwork dynamics with empowerment in flat hierarchical structures presupposes a pro-active management of conflicts and acceptance of diversity of opinions and ways of working.

Mobility linked with employability is a crucial element of HR cross-fertilization. Such ways of working fits with the mindset of a low context culture (Hall 1977) where public and private concerns are neatly separated. Nevertheless, this may create mistrust and feelings of betrayal in high context cultures where relationships are expected to extend beyond functional purposes. 'Impatience with rule' (Storey 1995) and high discretion in work organization are difficult to reconcile with deep respect for hierarchy and a mindset where humility and self-restraint are considered to be virtues. Self-development and autonomy have always been promoted in the Islamic and Confucian world but these are expected to be practiced with well-defined hierarchically organized frameworks and with subtle social control influencing behavior and attitudes. Accepting diversity of backgrounds and behaviors remains difficult, especially in the culturally (and ethnically) homogeneous organizations found in Japan, Korea and China, and, to an extent, in the Southeast Asian conglomerates.

Asian countries are different from the USA and UK (and other countries considered to follow an Anglo-Saxon economic and social model) where the success of the HPWS reflects the strong belief in individualism and the ethics of self-responsibility and individual competitiveness are an ideal within short to medium term. The Anglo-Saxon model of concepts and practices promoting simultaneously individualism and collective values are difficult to understand, except for a small segment ('globalized elite') of the working population, in societies where collective values are at the center of private and public life. Problems of dysfunction or even rejection of values are possible in such situations where HPWS are introduced so leading to social problems and/or inducing behaviors that do not respond to the expectations of HPWS. It has been observed that (misused) HPWS can lead to self-exploitation, burn-out and mental problems, precisely among the highest committed and engaged employees and managers (Docherty et al. 2002).

Although not limited to Asia, the increase in work-related mental illnesses of employees and managers all over the Asian region, for instance more cases of karoshi (death by overwork) and occupational-related suicides in Japan (Furuya 2007) and an increase of occupational psychiatric disorders in Korea (Choi and Kang 2010) show the seriousness of the issue. Karoshi is not a product of the new HRM paradigm and of HPWS. It is the result of the overburden Japanese traditional system imposed on the permanent employees. Similar issues to karoshi are found in south Asia especially in India and in China (particularly in the Foxconn companies) with consequent poor publicity, NGO criticism and consumer group agitation which damages the reputation (and sales) of organizations considered to be exploiting the workers. Meanwhile the fact that karoshi has continued with the use of HPWS indicates that it is misused in some companies and does not correct the former unbalance. In the case of Japan, especially, it reflects the contradiction in term of sustainability between the long-term nurturing of a long-term access to HR, the objective of creating mutual resource relationships at society level that characterizes the policy of the large companies on the one hand, and, on the other hand, the imposition of excessively demanding work norms that prevent work organization that would allow a more balanced and effective utilization of HR.

A significantly lower level of employees' engagement is observed in Japanese, Korean and Singaporean companies compared to the US organizations (GALLUP Management Journal 2006). Such lower engagement may reflect the specific situation of the labor market but it could also be considered as an indication of the still incomplete fit of the HPWS in Asian settings. At least for the time being, open external labor markets seems to lead more to job-hopping than to translate into a high level of commitment integrating the collective values of the HPWS in the way that it does in the leading US organizations.

2.2.3 Assessment of HRM Sustainability in Leading Companies

Over time companies emerged in Asia, can be considered as having moved towards a sustainable HRM environment that integrate the key HPWS tenets with social and cultural expectations. These prominent Asian companies carefully nurture their investors' relations and cultivate a customers' oriented mindset. They have an organizational culture recognizing individual achievement in evaluation and reward at all (or at least most) levels of the hierarchy, including blue-collar workers and rank-and-file employees. Mobility is linked to commitment and engagement through employability schemes. Care is, apparently, taken of external and internal equity in recruitment, reward and promotion. Use of new tools to measure and boost performance is widespread while there is an awareness of their limitations. Human capital accounting methods and balanced scorecards, for example, are important because they are both short and long-term oriented and include organizational learning among the indicators. But the necessity is recognized of the need to keep the HRM systems flexible enough to not become prisoners of rigid metrics (Debroux 2011b).

Strict evaluation of individual performance and constant pressure to improve performance go with training opportunities and recognition of the difficulties in keeping up with the pressure of time and work intensity (Debroux 2011b). The necessity of maintaining 'slacks' in the HRM system is, for example, leading to programs of regeneration for the managerial staff and includes, in Japan, the revival of the mentoring system of making use of the expertize of older workers to develop the younger ones (Fujimoto and Yoshimoto 2011).

Therefore, the efficiency drive goes with effective HR deployment. Increasing utilization of HR is understood to lead to higher performance. Attempts are made to create synergies and to have a wide dissemination of knowledge in the whole organization. However, almost none of these initiatives can yet be said to utilize fully the HR potential. The presence of foreigners and women in managerial positions remains low in most Asian organizations including the best ones. Moves toward a global evaluation and reward system that would makes HR deployment more efficient and effective are insufficient or inexistent. There are almost no channels to develop engagement between the organization and foreign, or contingent, workers below the top managerial level. The use of contingent workers who are provided little or no training or employment support, and other short term efficient work systems, does not contribute to national or global welfare and passes the costs to the external stakeholders. If the awareness of environmental issues is proclaimed at the company level it does not translate so far into mechanisms of prevention of damage and improvement that are included into the evaluation and reward systems of managers and employees (Debroux 2011b). Overall their 'sustainability' is not seen as being yet in conformity with the social and environmental factors of the wider model championed by the Brundtland Commission (1987) nor compatible with triple bottom line factors (profit, people and planet) of Elkington (1997).

2.3 *Incomplete Inclusiveness of HRM Systems*

2.3.1 Non-permanent Workers and Sustainability

As mentioned earlier, cost-minimization strategies regularly prevailed in relation to non-permanent employees, unskilled or menial workers, and employees of small firms. Informal labor markets are still the norm for a significant percentage of the workforce in Southeast Asia (Asian Development Bank 2006) and widely in Asia where 'daily paid' work is the norm for much of the population. Market liberalization has created some formal jobs while destroying many others, very often those previously occupied by women (International Labour Organization 2004). In Japan and Korea it is even observed that the number of workers with an informal status (contingent or temporary work) has increased as a result of the decline of permanent (notably female) employment opportunities (Sugimoto 2010; Chang 2006) with the consequence of declining training opportunities and creation of more value added skills and abilities. All together informal labor represents a huge pool of underutilized HR, a source of low productivity as well as persistent poverty characterized by underemployment (Kuriyama 2009) and the costs (and missed contribution) passed to the wider community.

In, for example, Malaysia and Thailand migrant workers remain up to this day largely unprotected by law (Ofreneo 2008). In the case of China, this category of workers also includes the internal migrants because of the restriction to workers' mobility imposed by law under the hukou (household registration status) system (Warner 2010). Especially in Malaysia and Thailand, but also in China, Indonesia, Vietnam and the Philippines, the issue of migrant workers is compounded by the limited access to education, training and decent work opportunities of the minorities up to this day (Ofreneo 2008). The situation of internal migrants is mirrored throughout South and Central Asia and of external migrants in West Asia- especially in Arabia (Kapiszewski 2001).

2.3.2 Gender-Biased Environment

Traditional HRM systems in Japan, Korea and Southeast Asia, are also characterized by gender bias (Rowley and Yukongdi 2009). Institutional structures, persistent cultural gender norms and stereotypes, limited women's bargaining power in the labor market and held down their financial reward as well as career progression until recently. In most Asian countries women were, with the exception of those belonging to the elites in societies, just considered as a buffer, ancillary type of workforce, not worth of large investment in training up until the twenty-first century- while still continuing in this millennium.

Despite slow improvement in the status of females, boosted by affirmative action policies in countries such as Malaysia (Omar 2009) and Korea (Debroux 2010; Lee and Rowley 2009), no Asian country, perhaps with the exceptions of Singapore and Hong Kong, can be said to offer appropriate job opportunities to female university graduates. This includes the two Asian members of the OECD, Japan and Korea (OECD 2009). Work-life-balance policies started to be adopted in Japanese and Korean organizations during the past decade but these do not yet pervade the business culture. Unable to change the basis of their competitive advantage in the short-term most Korean and Japanese companies are likely to continue to stick to a pattern of long working hours and short holidays which place great strain on the employees and their family relationships. Not only do such systems maintain the underutilization of women's talent but they discourage work habits that would offer a more balanced life-style for all employees. Consequently, opportunities of HR regeneration are unlikely to become the norm in the short term (Debroux 2010).

2.3.3 Limited Acceptance of Diversity and Impact on Sustainability

It seems likely that acceptance of diversity (or at least an inclusive approach) within organisations and societies is a more sustainable method of improving long term success as well as often being more socially acceptable. However some organizations and societies (such as China and Japan) consider that they gain great strength from homogeneity and uniformity. In general terms, the issue of diversity has not been attached great importance or approached in a positive way in the whole continent. For instance, such aspect of diversity as unconventional sexual orientation has been looked upon with suspicion and dismay- if not actually against the law in many Asian States. Asian countries' basic policies on the diversity-related issues have been rather reactive often limited to making statements about their commitment to non-discrimination on the basis of gender, race or religion based on the need to appear to comply with United Nations or other international institutions requirements. Despite progress (for example women in law, ICT and financial fields in Malaysia and in Vietnam) the profile of employees in information technology, financial services, law, consultancy, accounting and academia confirms that large segments of the population (women, disadvantaged groups [on an ethnic, class or religious basis], disabled and others) are still under-represented in those fields (Welford 2006). The inclusion of a diversity of people opens the boundaries of the organization and, as we will see below, contributes to the sustainability of organizations and societies.

3 Adaptation to a Changing Paradigm

3.1 Paradoxes of the Japanese Uncertain Journey Toward New HRM Sustainability

3.1.1 Consumption and Reproduction of HR

Luhmann (1995) stated that organizations survive because they open their boundaries and can manage the balance of mutually opening and maintaining the boundaries. In this line of thought Ehnert (2009) utilizes the Aristotle's idea of a self-sustaining oikos for an interpretation of sustainability. The oikos (household) has to be self-sustaining to a certain extent, i.e., it cannot be only consumption-oriented, but also has to be reproduction-oriented. Up until recently Japanese companies were good illustrations of that idea. They were self-contained and self-sustained organizations. But, quoting Ehnert (2009) at the entire level of Japanese society efforts were made to: "balance within a long-term perspective, the consumption and reproduction of HR by fostering their regeneration but also by investing into their 'origin', i.e., organizational environments where HR come from schools, universities, education systems and families". The education system was built to facilitate the selection of HR on an objective basis. Women were integrated into the corporate society through their activities at home (allowing their husbands to work long hours) and in the children's education (in making them well-socialized individuals ready to enter into the corporate society).

3.1.2 Acceptance of Change and Continuity of the Approach of Sustainability

As, however, Ehnert (2009) points out, 'the difficulty is that tension may occur in balancing the human resource efficiently and effectively today and sustaining the HR base for the future'. Japanese companies were described as a coalition of the shareholders and employees, integrated and mediated by management (Aoki 1988). Ownership of large companies is now largely in the hands of shareholders giving priority to Economic Value Added (EVA), Return on Investment (RoI) and Return on Equity (ROE) as ratios of performance.

Such measures of performance lead to the recognition of the necessity of change of some tenets of the HRM philosophy. It justifies the utilization of a much larger range of atypical workers. It also explains the higher expectation of short-term results of the training programs measured in financial term. However, it does not lessen the intention in most large companies to keep HR as the key strategic asset.

A number of leading Japanese companies have succeeded in gathering a core of stable shareholders that accept the basic tenets of the HRM system. Adoption of HPWS goes with a compensation differential (ratio) that remains relatively low (around 20:1 between rank-and-file and top managers) (Towers-Perrin Global Workforce study 2008) Global work force study, and with a long-term job guarantee for a (shrinking) pool of permanent workers, amid with more performance-oriented appraisal and reward systems.

Companies intend to stick to their approach to production with long-term incremental developments of new products, requiring wide multi-functional expertise, long-term dedication on the projects, and close relationships with key partners (customers, suppliers and service providers). However, to boost the capability of also making breakthrough innovations and to manage intangible assets such as branding and intellectual property rights (for example to take advantage of the open technology model) requires the mastering of global mechanisms of exchanges, sharing and new combinations modes. The knowledge management policies and practices adopted so far by Japanese companies have allowed them to develop what has been called absorptive (Cohen and Levinthal 1990) or knowledge transfer capacity. At all levels of the organization there is a constant flow of knowledge that is assimilated and transformed into new knowledge. Based on extensive and constantly reinforced personal relationships among permanent Japanese employees it has been considered as a key source of competitive advantage (Nonaka and Takeuchi 1995). However, globalization now forces Japanese organizations to develop a knowledge transfer capacity where the process of knowledge absorption and transfers is more codified and standardized. A consequence is the need to facilitate the integration of Japanese employees with a different mindset, and of non-Japanese HR.

3.1.3 Paradoxes and Contradictions of the Current Situation

Recruiting candidates from a broader talent mix requires diversification of the ports of entry for recruits. However, the external labor market develops slowly. Management remains mostly composed of insiders who graduated from a limited number of elite Japanese universities. Even the best companies remain largely unable to optimize the talent of the non-Japanese HR (Debroux 2011b). These companies may recruit more women on a managerial track but without a working environment permitting them to pursue a career while creating a family so the women will have to choose between work and family life. The companies recruit fewer new graduates (due to economic stagnation and changes in the country’s demographic profile) but they still stick to the old long-term logic of the internal labor market. Meanwhile, the flattening of the hierarchy (with HPWS) means that fewer promotion opportunities are offered. Employees were ready to acquire firm-specific skills that had value, and to work hard to boost productivity but only in the specific context of an expanding company in which they had a stake in the future- through apparent ‘lifetime’ employment. If companies cannot respond to these expectations, in the absence of a large enough external labor market (not only for high flyers but also for average performers) they end up with the best employees leaving and the other employees feeling trapped. This also explains the result of the low level of employee engagement mentioned earlier. Trapped workers are not likely to be highly productive while they may also impede the recruitment of better employees who could develop a higher level of engagement and productivity.

3.2 A Pro-active but Incomplete Drive in Korea

3.2.1 Traditions and Flexibility

Until recently emphasis was put on seniority and age in the hierarchically organized society which is still the situation in Korea. Stable social norms, since the end of the Korean War, generated the expectation that companies would consistently adhere to a pattern of paternalism emphasizing protection in return for loyalty and discipline. As in Japan, education is assured by an elitist system backed up by families and old boys' networks providing selection of HR with high societal legitimacy. Inculcation of company's values is an important part of the new employees' training (Hemmert 2009). But Korean HRM was never as imbued with the ideology of teamwork, consensus, and harmony as the Japanese system. Blue-collar workers were not offered the same career opportunities and welfare packages. Union activities were curtailed until the end of the 1980s and up until recently organized labor-management relationships remained rather adversarial (Kwon and Donnell 2001). As a result, unions did not play the role of facilitator of the dialogue between management and workers and they were not involved in employees' productivity improvement and in the facilitation of introduction of new technologies as in Japan. Despite long-term job guarantees there was always an active external market for white-collar employees. Organizational commitment of Koreans is said to have always been lower than in Japan. This was observed even among the elite white-collar employees (Rowley and Bae 2004).

For more than 30 years Korean companies have invested in the enlargement of the candidate pool of HR. They have relied on top managers who graduate from foreign universities and business schools. Meanwhile there is less protection for the under-performing permanent employees than was found in Japan. Wage differentials have increased during the past few decades although they remain at a socially acceptable level (around 1:40) (Towers-Perrin Global Workforce study 2008). Korean companies have been more successful than the Japanese in bringing back the Korean people who worked or were doing research abroad. During the last decade they have also been more willing to offer career opportunities to foreigners. Companies have developed more university alliances and business school sponsorships to increase their visibility on the labor market and enlarge their recruitment pools (Rowley and Bae 2004).

3.2.2 Paradoxes of the Education System role in HR Production

The importance (shared by Japanese, Singaporean, Sri Lankan, Chinese and Vietnamese societies) given to academic credentials and social status is both an asset and a liability in term of production of HR. In those countries, the process of selection is expected to assure the inflow of HR on meritocratic criteria. However, it tends to eliminate those who could have contributed to business performance but whose personal profile does not fit with the requirements of the entrance examinations-driven selection process. Despite attempts to diversify the entry modes, the system hinders the attempts of increasing HR diversity. Moreover, the financial burden of coming through the higher education system means the exclusion of the growing number of those from families that cannot afford the immediate costs, leading again to under-optimizing HR.

3.3 Elusive Quest for Sustainability in Southeast Asia and China

3.3.1 Uncertain Drive of Southeast Asia for Sustainability

Southeast Asian countries developed principally due to foreign capital – mainly from overseas Chinese family owned businesses as well as, US and European investors. Local companies, and more specifically the Chinese-owned conglomerates, focused until the late 1990s on commercial or financial enterprises or on relatively low technology manufacturing sectors, often representing, as monopoly agents, foreign interests. The conditions of local industrial capital are said (Hatch and Yamamura 1996) to be the legacy of the organization of society into a network of ruler-subordinate (patron – client) relationships. While the HRM system enjoyed social legitimacy it did not create the same dynamics as in Japan and Korea. It was observed that the returns from rent seeking were attractive enough to discourage development one's own capabilities, managerial and technological- similar to the situation in the resource rich Arab countries. As a result, political and business elites have failed to cultivate sufficient capital or highly capable HR up until the 1990s (Hatch and Yamamura 1996). Except in Singapore where there has been adoption of a meritocratic-based HRM system (however with the same limitations on access through the elite educational institutes discussed above in the Japanese and Korean contexts) in the other countries recruitment and selection were most often based on personal relationships (guanxi in Chinese or orang delam in Malay/Indonesian), with reward and promotion on seniority.

HPWS has replaced the Japanese template as HRM model to be emulated but changes do occur in countries that struggle to keep a, probably unsustainable, growth momentum. The development of internal mechanisms to absorb and transform foreign technologies and engineer a self-sustained knowledge creation drive remains insufficient to this day with the exception of the situation in Singapore. Singapore's goal was to eliminate the dependence upon foreign technologies and management in order to move away from a situation of subcontractor and to move up the value chain of production. Singapore has pursued economic policies (such as making the cost of employing Singaporeans very high- mainly through making employers contribute to long term health care, housing and pensions through contributions to the Central Provident Fund (CPF)) that allowed the country and its population to move up the technological ladder. Starting in labor-intensive industries, Singapore successfully, built new incentives and provided higher skills to shift foreign direct investment (FDI) towards high-tech industries by upgrading the technical skills of local workers and investing heavily in education (Garett 2009).

3.3.2 The Struggle of China to Develop Sustainable HRM Systems

The transformation of the business system in China has entailed a shift away from central job allocation, egalitarian pay system and lifetime employment – often referred to as the 'iron rice bowl'. The flexible deployment of workers has been enhanced by the gradual adoption of individual contracting to work for a specific employer for a period of time. This allowed individual compensations schemes recognizing differences in educational background, skills, training and work efficiency and effectiveness. The concept of HRM started to spread to the State Owned Enterprise (SOE) companies in the 1980s and the period of transition from the traditional HRM system is said to be almost over, at least in large companies (Warner 2010). However for most Chinese employees the payment system is piece-work (manufacturing) or time and attendance (service industries) with minimal support and engagement with the employer.

A large external labor market exists in the big cities but the shortage of skilled workers in some regions is acute. Like Korea, China has been successful in luring back home high-level HR but the numbers are very small compared with the demands for highly capable workers. However overseas trained staff represent a large percentage of the younger managers and scientists in leading public and private organizations (Lynn 2009). The percentage of Chinese people with higher education is relatively low, and only a relatively small number of universities are of international standards (Lynn 2009) but the situation is changing rapidly so that more students are entering better quality universities. In contrast to Korean and Japanese companies the Chinese organizations still struggle to get access to a stable flow of HR. The labor market is very fluid for certain professions and turnover is high- as people who have invested in acquiring skills and qualifications which are in high demand wish to gain rewards/return on the investment in education as soon as possible and do not believe employers' promises of a long term well paid career if they stay in one organization. Chinese companies now devote important resources to training in technical and managerial skills (Warner 2010) but widespread poaching of employees (and distrust of employers) makes it difficult to develop long-term sustainability and engineer dynamics based on HRM systems.

3.3.3 The Drive Towards Knowledge Driven HRM Systems

Many East Asian countries have started ambitious plans in which HRM systems should be based on the idea that knowledge management is central to the organizational development and to the efficiency of methods of business operation (Evers 2010). The success of initiatives to nurture in-house knowledge depends on the understanding by employees of what is important to the organization in term of transformation of individual knowledge to collective knowledge. This requires an open corporate culture favoring the creation and sharing of that knowledge. In this respect, there may be something to learn from the Japanese organizations. The Japanese HRM model kept open the necessary spaces for discussion, communication and exploration about the kinds of knowledge needed within the organization but also in the society at large. The Japanese (certainly in larger organizations) gave importance to the technical dimension of knowledge but also to its social and cultural dimensions and have developed multi-levels integrative networks with constant cross-fertilization of interconnected knowledge. Without building such internal capabilities the development of the knowledge-related projects, especially those launched by small Asian countries such as Malaysia and Thailand (Lynn 2009) may be impeded. However, it may even be impeded in China despite the much larger input of external knowledge that such a populous country is able to harness.

It was pointed out that HRM can only develop if corporate and societal governance systems have the ability to support and follow through the necessary investments in physical resources and trust (Marsden 1999). It is, however, observed that in Malaysia the diffusion of a top down managerial culture that is influenced by the autocratic tradition coming from the political center seems to go against the emergence of a culture of involvement and participation that would unlock the potential of human capital and facilitate the diffusion of knowledge (Mellahi and Wood 2004). China is more committed to upgrade its knowledge base than Southeast Asian countries. China however still relies on foreign companies for technology (Lynn 2009) and may face similar issues of sustainability as Malaysia in its drive to develop indigenous strength. It was observed that management remains top-down in most Chinese companies and is characterized by a lack of trust between the parties that is pervasive in the whole Chinese business system (Redding and Witt 2007).

3.4 Inclusion of Non-managerial HR in the HRM Systems

The gap between core (permanent) employees, including managers, and other workers is widening in Asia in terms of working conditions and respect of labor international standards (Debroux 2011b). Working conditions of non-core workers are not improving (or are perceived as not improving) and many of these workers have the feeling of being treated just as “another factor of production” (Caspersz 2006). Meanwhile the market growth potential of Asia requires the creation of more inclusive virtuous circles- more employment leading to more consumption, leading to more production then leading to more employment. The 12th Five-Year Plan adopted in March 2011 by China's National People's Congress is important in this respect. This plan is a clear indication of the shift of China away from an export and investment-led strategy towards a model based on consumption (Roach 2011). As such the plan is the harbinger of a shift that is likely to spread to other Asian developing countries. Asian workers are expected to become the key customers driving world demand in the years to come. Similar to the situation in the US, Europe and Japan after 1945, it means that a sustainable HRM system must have as an important component the purchasing power of the workforce.

Social conflicts, for example in China, Indonesia and Vietnam, have shown that young Asian workers are impatient to get a fairer share of the prosperity of the continent. These workers cannot be expected to work in harsh conditions endured, for example by the Korean workers from the 1960s to the 1990s. These workers, by their efforts, kept the HRM system sustainable in a given time and context. The 'sustainability' was the result of a curtailing of workers' rights and of a mindset driven by a high sense of public good considered as the norm within the society. Indicators, in Japan (Sugimoto 2010), Korea (Hemmert 2009) and China (Shafer 2010) show a rise of individualistic and materialistic (with shorter-term orientation and desire for immediate gratification) mindsets in the younger generations that make such sacrifice of rights and postponed consumption unlikely in the twenty-first century.

Therefore, satisfying the needs and expectations of this, and future, generations of workers is bound to become an important element of any sustainable HRM system. Neglecting to satisfy workers' expectations, companies take the risk of high turnover of skilled and experienced employees, and of reduced effort at work and lower contributions in the form of loyalty and commitment (Gough et al. 2006). Failing to meet expectations could create a vicious circle because high mobility reduces the companies' motivation to maintain or improve in-house training and development, and may even hinder their efforts in this area. As a consequence, especially in countries where education cannot cope with the market and technological changes, such as is the case of Indonesia, Thailand and Vietnam increased mobility seems to have widened the supply–demand gap for many skilled workers categories. Failing acquire employee engagement eventually drives up wages, and thus, pushes labor costs higher, hindering profitability (Tselichtchev and Debroux 2009) and the long term viability of the organisation.

4 Institutionalization of Sustainability

4.1 Organized Labor as Potential Anchor of Sustainability

The International Labor Organization (ILO) continues to promote a HRM sustainability system in which organized labor is a key pillar (ILO 2004). In Japan, while declining in relative terms, the Trade Unions participate in a transformation of the business system that implies a growing use of contingent labor at home and the transfer of the labor-intensive part of production to lower costs countries while preserving management-labor cooperation. Therefore, the Trade Unions may still play a useful, albeit less important, role in the HRM evolution toward a new base of sustainability. In Korea, there are attempts through the tripartite (Trade Unions, employers and government) forum to depart from adversarial relationships, trying to find sustainable compromises, not jeopardizing the recent reforms and allowing a smooth evolution of the employment practices. However, the results of the forum are said to be limited so far (Han et al. 2010).

It is unlikely that the unions are becoming significant players in the building of a sustainable HRM system in Southeast Asia in view of their weakening during the past two decades. Tripartite fora have lost most of their meaning in countries such as Indonesia, Malaysia and Thailand. The only exception is Singapore where the unions participate with government and business towards the revamping of the employment system, i.e., the training of the low skill and ageing part of the workforce (Garett 2009). However, unions in Singapore cannot be considered as truly independent organizations free from government's control. In China the creation of independent unions remains incompatible with the communist ideology so Trade Unions are part of the State apparatus. The shift towards the HRM paradigm goes alongside with the introduction of more statutory labor regulations, and the reforms of welfare and social security provisions (Cooke 2004). The HRM paradigm shift might lead to a greater involvement of the unions in HRM practices (Ho 2006), although it could be argued that significant progress cannot be expected without the creation of independent organizations.

4.2 Sustainability and Transformation of the Business System

In a Western context, up until the 1970s, corporate values were put forward in order to make the HRM and employment system sustainable through a claimed link to public social interest and industrial democracy. Berle referred to the American business system as one of 'People's Capitalism' (Berle 1954). Managers were expected to balance the interests of the key stakeholders and to manage what was expected to be 'socially responsible' or 'soulful' corporation (Kaysen 1957). In Europe it was argued that it would be normal, in business, for not only the shareholders, but also the employees, consumers, the community, be represented to ensure that all social interests have a voice in the decision-making process (Ireland and Pillay 2010). Eventually, because of the change in stakeholders' influence those transformational ideas were replaced in the 1980s by the tamer ameliorative schemes that are promoted in the Corporate Social Responsibility (CSR) concept.

In many Asian countries there are voices criticizing the current evolution of work practices and sustainability. Some commentators in Japan focus on the economic side of sustainability and argue that the new HRM paradigm is out of context and destroys the former basis of sustainability without creating a new one. They argue that Japanese companies must change while keeping the fundamentals of the traditional system (Itami 2011). Others, in Japan and Korea claim that not only the HRM systems remain exclusive and unable to optimize HR in an economic sense but also that are still socially flawed in being unable to provide access to a decent job for millions of people (Chang 2006). In China, it is pointed out that in the absence of not only a clear regulatory environment but also of higher institutional trust in the business system there is little chance for HRM (as well as society and environment-related) sustainable policies to be adopted (Shafer 2010).

4.3 Weak Institutionalization of HRM Sustainability

No Asian country intends to make the business environment 'institutionally richer' through incentive packages while imposing non-market constraints on business in social and environmental terms. Public and private initiatives in respect of CSR are undertaken but the position of public authorities and businesses is that corporate policies and practices that are necessary to secure positive economic, social (and environmental results) should be left to the enlightened self-interest of companies. In this respect Asian countries are closer to the US philosophy than to European ways of thinking.

In the specific case of HRM, companies and governments say that laws requiring more inclusive practices would destroy their competitive advantages, unless all players, in all countries, were obliged to follow. Examples in Korea, Vietnam and Japan have shown that attempts to impose rules (through positive discrimination policies for instance) can have unintended counterproductive effects if companies are not capable and/or willing to fully implement them (Debroux 2010). So, in the absence of a regional authority similar to the European Union imposing constraints to all actors, and in view of the difficulties to have the ILO conventions implemented, decisions are taken according to the relative importance given by business strategy to soft law pressure originating from clients, NGOs and private organizations such as the International Organization for Standardization.

Likewise, public and private actors recognize that the quality of working life and the right to live in a safe and clean environment are important elements of a sustainable HRM system (Kuriyama 2009). However, to impose rigid environmental rules is considered to be unrealistic for the time being. In countries facing high unemployment such as Indonesia, Thailand or Vietnam the idea that damage to the environment is an unavoidable by-product of growth is still prevalent. Likewise in China, with the exception of a small minority of highly educated urban residents, environmental knowledge is very limited (Shafer 2010). Despite, slightly, more formalization of rules in the region, the regulatory environment is likely to remain for a while less stable and less responsible to centralization and rationalization in developing Asia than in the developed world. Generally in Asia the quest is for a more pragmatic approach of the issue of social and environmental sustainability.

5 Conclusion

In term of performance large Asian companies have responded to the needs and expectations of their key stakeholders, including customers and society, during the last decade. Large Asian companies have delivered growth and profitability, and redistributed a growing part of the profit to their shareholders and tax authorities. These companies have implemented HRM systems that are efficient and effective in responding to the long-term needs for diversified skills. They have nurtured a committed and engaged labor force. The norms and standards of evaluation and reward, the management tools, but also the philosophy of HRM have been accepted by a growing (albeit still small) segment of the core employees. Larger companies now have a higher level of financial, functional and numerical flexibility than before. These flexible factors allow the companies to master sophisticated information, production and R&D networks, through which they deliver competitively high quality goods and services.

However, it is less sure if the companies are responding to the societal needs within a broader perspective. Overall the share of profit redistributed to labor has declined so leading to sluggish domestic consumption and the continuation of reliance on an export-driven growth pattern. Large companies create a declining number of permanent jobs. The trend towards the use of contingent labor has accelerated during the last decade. Because contingent labor is associated with lower (or even the absence of) training opportunities, overall such an uncertain labor relationship leads to HR under-optimizing. Contingent labor also leaves unsolved many of the issues of youth unemployment and the economic integration of low skill workers in both developing and developed Asia.

A lack of inclusiveness of human capital beyond a small segment of managers and engineers is noticed in all Asian countries. The HRM systems still perpetuate the under-utilization of female talents and members of minority groups- or sometimes majorities outside the elite or privileged members of societies. Little is observed in term of systemic integration of foreign resources in organizations, except for a small group of managers and technical specialists. Mechanisms are still insufficient to optimize foreign talents and to engage a dialogue with the foreign workforce. Such dialogue which does occur concerns working conditions or ways of improving the workforce contribution to performance. As a consequence, the overall input of foreign labor remains limited and the lack of platforms for dialogue does not facilitate the resolution and prevention of potential social conflicts.

Overall, the issue of the sustainability of the HRM systems remains elusive in both developed and developing Asia. Virtuous circles have been created but these do not seem to be inclusive enough to assure stability and sustainability over the long-term. The common characteristic of the sustainable HRM systems that had been built in Western countries and parts of Asia after 1945 have been the important role of the state as developer and regulator. In terms of the institutional environment, there are two models of labor-management cooperation, one where cooperation takes place at the micro level of the company when both sides find it to be in their rational interest and another model where institutional intervention ensures that what actors find rational will be acceptable both to their interlocutors and to the society as a whole. While the first model is market-driven and private in character, the second is based on a strong public dimension. During the past three decades, Asian states have acted as facilitators of the market principles in implementing policies of privatization and deregulation. What develops now is driven almost entirely by private concerns which may create the risk of creating economic, social and ecologic imbalances that may be difficult to correct. These drivers may be found to be unsustainable beyond the very short term.

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Sustainable HRM in Europe

Diverse Contexts and Multiple Bottom Lines

Ina Ehnert, Wes Harry, and Chris J. Brewster

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Abstract In this chapter, the European research on Sustainable HRM is explored by considering the role of context in shaping HRM practices and strategies. The authors argue that in the European context HRM is more prone to long-term thinking, to a multiple stakeholder perspective and to extending the notion of organizational performance beyond the financial bottom line. The chapter discusses

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the idea of European HRM taking a leading role in developing and implementing sustainability strategies and practices in organizations and also in making HRM systems themselves sustainable.

1 Introduction

In Europe, broad consensus has been emerging about the importance of sustainable corporate behavior in order to ensure the survival of the human race on the planet (Crane and Matten 2007). It has becomes more and more accepted that the limits have been reached of our current market-centered capitalist system and internationalization and globalization processes. Finite global resources and a world population soon to reach nine billion (most of whom seek a high level of resource consumption) mean that a transformation towards more sustainable societies and organizations is urgently needed (European Commission 2001, 2010; Royal Society 2012; see also chapter "Sustainability and HRM" in this volume).

In general, the notion of sustainability is associated with simultaneous realization of economic, ecological and social sustainability although it has not yet been clarified how this can be achieved (see, for example, Hahn and Figge 2011). From the 1970s onward, practice and research focused on ecological sustainability and environmental management, but in the past decade attention has shifted towards social sustainability dimension (Dyllick and Hockerts 2002; European Commission 2011). In Europe, the lack of economic sustainability (of nation states and organizations) has fuelled debates about sustainability as a concept for providing new solutions and for making our economic systems and organizations more viable over the long term and less harmful to society and world wellbeing. The risk is that in the crisis that began in 2007 decision makers, both in business organizations and politics, turn to old 'more of the same' solutions in situations of crisis and end up in vicious circles or 'downward spirals' postponing sustainability problems to future generations.

But the situation also offers the opportunity to learn how to induce virtuous cycles and foster learning on how to develop more sustainable economic and societal systems: "The EU should turn the crisis into an opportunity to address financial and ecological sustainability and develop a dynamic low-carbon and resource-efficient, knowledge-based, socially inclusive society, and promote this approach globally" (European Commission 2009, p. 2; see also chapter "Sowing Seeds for Sustainability in Work Systems" in this volume). The role of HRM in implementing new sustainability practices and processes is particularly crucial and offers the possibility of dealing with precious human resources in a sustainable way – although this might seem counterintuitive in times of economic and political crises (Ehnert 2009).

In this chapter we argue that European HRM can and should take a leading role in developing and implementing sustainability strategies and practices in organizations and also in making HRM systems themselves sustainable. We assert that the roots of sustainability thinking lie within Europe (for example Aristotle's household economics, sustainable forest and fishing industries, humanistic values and long-term thinking) but that many Europeans have 'forgotten' its application under the current economic model. It has become apparent in the financial crises, which came close to destroying the banking sector from 2007 and the Euro Sovereign Debt from 2010, that exploiting resources and overconsumption by current generations is not only damaging to present tax payers but also to the present and future populations of Europe and elsewhere. It has especially been larger companies (those "too big" to be allowed to fail – often with close political links) which have caused problems, while smaller firms have been not only been disadvantaged in the business environment but have often (together with public taxpayers) had to pay to rescue the possible failures. Such issues in the way that market economics has been practiced in the late twentieth and first decade of the twenty-first century has enabled some businesses to exploit 'moral hazard'- to take the rewards of success and to pass onto others the costs of failure. This has led to recognition, at least in many European countries, that to be sustainable different models of organization and people management are needed.

Our chapter is structured in five main sections. In the remainder of this introduction, we explore the specificities of the European HRM context and our definitions of Europe, HRM and Sustainable HRM. In the first main part, we identify the differences within Europe in comparison to the US model of HRM (discussed in chapter "Sustainable HRM in the US") as an important source for sustainability thinking. Next, we discuss the key issues and challenges that Sustainable HRM faces in Europe. In the third part, we develop our argument justifying why European HRM could take a leading role in Sustainable HRM. In particular, we argue that in the European context HRM is more inclined to long-term thinking, to a multiple stakeholder perspective and to extending the notion of organizational performance beyond the financial bottom line. Finally, we conclude with a brief discussion about how Sustainable HRM may develop in the European context.

1.1 European Political Context: European and National Sustainability Strategies

It could be argued that the modern concern with the Sustainable Management of resources originated in Europe. For example, the Brundtland report (WCED 1987), although commissioned by the United Nations, was driven by European politicians and scholars, specifically the Club of Rome, whose 1972 report was influential in shifting the focus of economic activity from short term to the long term view. In particular issues such as demographics (especially an aging population in most European countries), employment creation for young people, and possession of few natural resources (in part because previous resources have been exploited and greatly diminished) led, in Europe, to a desire to make best use of the Human

Resources (HR) which are the major resource available within the region. In Europe the Green parties and centrist social democratic parties demonstrate a political preference for social justice and sharing of resources within the current and future generations in ways which are rarely found elsewhere in the world.

The history of Europe during colonial and imperial periods led to many obviously unsustainable (or outright destructive in terms of human beings and the environment) policies and practices which depended on exploitation of resources (usually the resources of other people) for short term selfish gain. Shame at these historical (and some current) actions has led many of the current population of Europe to be more concerned with more humane and more sustainable practices. The majority of the people of Europe also enjoy material standards of living of a much higher level than the vast majority of humanity and so have the 'luxury' of being able to think about how to improve their quality of life and health over a much longer timescale than those who have to live from day to day.

Building on the traditions of the Brundtland report (WCED 1987) and subsequent UN conferences in Rio de Janeiro (1992) and Johannesburg (2002) and in preparation of the UN conference in June 2012, the European Commission adopted a sustainability strategy (in 2001) that has been revised in 2006 and focuses today on the following challenges:

- Climate change and clean energy
- Sustainable transport
- Sustainable consumption and production
- Conservation and management of natural resources
- Public health
- Social inclusion, demography and migration, and
- Global poverty (European Commission, 2006).

The European Commission interprets the concept of Corporate Social Responsibility (CSR) as the most adequate way of addressing challenges of developing sustainable organizations, workplaces and skills and of developing long-term employee trust and commitment (European Commission 2006, 2011), a view that has remained largely unquestioned (Ehnert 2009). According to the European Commission, social responsibility refers to going beyond compliance, investing in human capital, the environment and relationships with stakeholders and reducing the impact of business activities on societies and the natural environment (European Commission 2001, 2011).

At national, regional and local levels, most European countries have produced sustainable development strategies (SDS). However, differences in speed and scope of adopting a national sustainability strategy can be observed, followed by recent attempts to streamline the content of European sustainability efforts (European Commission 2009).

Meanwhile the prevalence of low educational attainment has diminished in virtually all European countries and for all age groups creating a pool of more highly skilled and knowledgeable workforce. However, the increase in the number of people involved in life-long learning activities and the reduction in the number of early school-leavers are not happening fast enough to meet the requirements of the supply side of the labor market. It is through education, training and learning that societies and organizations can build the critical foundation for sustainable development. This has led the Commission to encourage Member States in their efforts to develop more strategic approaches to sharing knowledge and good practice in a bid to stimulate Education for Sustainable Development (ESD). A Commission Inventory of innovative practices in Member States and EEA countries highlights the importance of ESD73. The Commission's "Updated strategic framework for European cooperation in education and training" 74 will guide European level cooperation in this field to 2020. The "Lifelong Learning Programme 2007–2013" is a prime tool for developing the role of education and training systems. For example, European countries are encouraged by the Commission to pursue "more strategic approaches to sharing knowledge and good practice in a bid to stimulate Education for Sustainable Development (ESD)" (European Commission 2009, p. 12). In spite of the efforts at developing a common European approach, it seems that some countries (for example, Sweden) have more readily adopted European green growth strategies. However, in some countries, such as the UK (under the influence of the Liberal Market Economy style of capitalism: see Amable 2003; Jackson and Deeg 2008; Hall and Soskice 2001) in spite of government efforts to foster CSR and sustainability, the latter concept still seems to be much more used with regard to the (economic) survival of a company.

The challenge for Europe and its companies is to produce growth and well-being, simultaneously to decouple growth from resource consumption, foster resource regeneration and innovation of socio-technical systems towards sustainable development – and this within its different institutional contexts.

1.2 The European HRM Context

It has been pointed out before (Brewster 2007) that in any discussion of HRM in Europe an initial problem is to define terms. What do we mean by 'Europe'? The geographical boundaries of Europe have always been a little uncertain: how far east does the boundary lie? Meanwhile within Europe, there are (slightly varying) regional clusters suggested by cultural specialists (Hofstede 2001; House et al. 2004; Ronen and Shenkar 1985) and the (again varying) institutional clusters (Amable 2003; Deeg and Jackson 2007; Hall and Soskice 2001; Hollingsworth and Boyer 1997; Maurice et al. 1986; Whitley 1999). Recent studies of HRM in Europe have found important differences between the way that these clusters manage their human resources (see, for example, Apospori et al. 2008; Brewster et al. 2008; Croucher et al. 2010; Goergen et al. 2009; Ignjatovic and Sveltic 2003; Richbell et al. 2011; Stavrou et al. 2010). The former-Communist countries of central and Eastern Europe constitute another specific cluster (or perhaps more than one) with particular issues of their own. At a more detailed level, individual countries in Europe remain distinctive in how they manage their HRM (see, for example, Brookes et al. 2005; Lane 1989; Luthans et al. 1997; Mayrhofer et al. 2011; Ramirez 2004; Mabey and Ramirez 2011; Tregaskis and Brewster 2006). Of course, there are differences within each country between regions, sectors, sizes of firms and even within organizations. Discussing European approaches to HRM, or to Sustainable HRM, therefore, involves substantial generalization.

Nevertheless, despite the complexities, and the problems of generalization, it is clear that HRM in Europe operates in a different context and has different characteristics to HRM in its home of origin, the USA (see chapter "Sustainable HRM in the US" in this volume; Brewster 1999). The way that HRM is conceptualized, researched and understood is also different and the extent of government support, legal and regulatory impact, public sector employment and trade union influence, for example, are all different in Europe. However, for the purpose of discussion, within this chapter, unless we specify a different grouping we consider Europe to be the countries making up the EU (in 2011) plus Norway and Switzerland.

The next issue is to define what we mean by Human Resource Management. There is more than one definition of HRM (see chapter "Sustainability and HRM") and many of these are value-laden. In particular, for our purposes here, there is a distinction between the definitions of HRM generally used in the USA, and some of those found in Europe. Although the original definitions of HRM in the USA included a major role for the environment external to the firm and for the people within it (Beer et al. 1984), it was nevertheless assumed that the purpose of HRM was to make firms better at managing their people effectively with the objective of increasing the value of the firm for shareholders. Whilst this view is common in Europe there is a countervailing critical discourse, which argues that HRM is contextual, can apply at multiple levels and to all kinds of organizations (not just firms) and that the key to understanding is to identify commonalities and differences (Brewster 1999). On this view, there is no assumption that the interests of shareholders should be paramount over those of other stakeholders, nor that their interests will be compatible with those of other stakeholders (see chapter "A Stakeholder Perspective for Sustainable HRM" in this volume), nor that the objectives of firms are always "good".

2 Differences Within Europe

As indicated earlier, however, generalizing across Europe risks combining, in an illogical manner, important differences within the continent. Europe has more long-established states within a smaller land area than anywhere else in the world. Inevitably, these states have developed their own cultures and their own institutions. Attempts have been made to consider the clusters within the broader term Europe. Each cluster has its own approach to HRM. Whilst the clusters found by the cultural specialists (Hofstede 2001; House et al. 2004; Ronen and Shenkar

1985) are not entirely consistent, a general classification emerges. Thus there are the Scandinavian (or in some models Nordic) states; the Germanic countries (usually including, in addition to Germany, Austria, the Germanic-speaking parts of Switzerland, sometimes Luxembourg and sometimes the Netherlands and Flemish Belgium); the Latin countries (France, Walloon Belgium, Spain, Portugal, Italy); and the Anglo-Saxon countries (UK and Ireland). In addition some of the eastern and south-eastern members of the continent (Greece and Cyprus, and the ex-communist states) may have their own clusters, though data is thinner here.

Though HRM is not the focus of theorists, such as those mentioned above, there have been attempts (Reiche et al. 2011; Trompenaars and Hampden-Turner 2004) to apply such models to HRM. The groupings have some connections to Sustainable HRM. Thus, the longer-term thinking Germanic group may find Sustainable HRM less of a challenge than the short-termist Anglo-Saxon group. Equally, the more egalitarian Nordic group may be more comfortable with the idea of Sustainable HRM than the more hierarchical Latin group. The institutional literature provides rather different groupings and, because relationships within and outside the firm are the focus of their approach, more direct relevance to HRM. A widely used example is the Varieties of Capitalism (VoC) literature. This is predicated on the notion that organizations are embedded in particular contexts (countries) where the institutions provide the framework for webs of relations between firms and other social actors (Hall and Soskice 2001; c.f. Marsden 1999). Specific institutional forms and combinations of practices work together to reinforce each other and to compensate for any inherent weaknesses (Crouch 2005).

Dichotomous VoC models (Hall and Soskice 2001; Dore 2000) draw a core distinction between two different varieties of capitalism: liberal market economies (LMEs), sometimes referred to as shareholder capitalism and coordinated market economies (CMEs) – or stakeholder capitalism. In the former, typified by the English-speaking, Anglo-Saxon culture, shareholder value has primacy: this means that firms will orientate their activities to short-term financial returns. Whilst this may make for a degree of labor repression, it may also facilitate high-technology activities with generically skilled highly mobile workforces (Thelen 2001). Central to liberal market economies is insecure and individualized employment contracting (c.f. Hall and Soskice 2001; Tregaskis and Brewster 2006). Even within this literature, never mind the sustainable HRM literature, there are arguments that liberal markets are excessively short-termist, which has ultimately detrimental effects for firms and their stakeholders (c.f. Lincoln and Kalleberg 1990; Dore 2000). The Economist (2012a), for example, suggests that the impact of demanding regulation and short-term reporting requirements puts public companies at a severe disadvantage compared to privately owned and State owned businesses, to the possible detriment of wider stakeholders. In coordinated market economies, by contrast, typified by the Germanic or Rhineland example, different stakeholder interests are reconciled to a very much greater extent: they work on a shared interest in success and aiming at mutual benefit, rather than a zero-sum game – in which the 'winner' gains at a cost to the 'loser', underpinned by a greater inter- and intra-organizational linkages with an emphasis at all levels on coordinated bargaining and compromise. This, in turn, makes for more cooperative work and employment relations, characterized by security of tenure, organization specific human capital development and collective voice mechanisms (Brewster 2007). A result of the cooperative bargaining and compromise has been that those actually in employment have great advantages compared to those outside the worker/owner/manager stakeholder group. The result has been that workforce has tended (especially in the 'Latin' or Mediterranean cluster) to divide between 'core' and contingent workers so that the privileged core have security and higher reward while the contingent workers have insecurity and poorer pay. It is argued that because of the cost of employing core workers many companies have been reluctant to take on staff, so unemployment, especially youth unemployment, has been very high in the southern regions of the EU even before the Euro-Crisis beginning in 2011- for example in Spain, in 2009, youth unemployment was 37.8 % (EuroStat 2012)

Other accounts (Whitley 1999; Amable 2003) have drawn attention to many more varieties of capitalism. Amable (2003, pp. 104–5) differentiates within the continental European CMEs, drawing a distinction between "continental European" (NW European "Rhineland" capitalism); social democratic (or Scandinavian) capitalism; and Mediterranean capitalisms. The social democratic grouping tends to have weaker security of tenure but this is compensated for by a greater emphasis on often-state-sponsored continuous skills development and a strong social security safety net; social cohesion tends to be high with most of the working population in trade unions and extensive communications between managers and employees. Firms in the Southern European (or Mediterranean) variety of capitalism tend to be family-based either in reality or as an analogy. Thus they have a strong degree of patrimony, with clear hierarchies but an expectation that the employer will bear in mind the interests of the employees. There is high employment protection and centralized bargaining by large employers but this is offset by a "flexible fringe of employment in temporary and part-time work" (Amable 2003, pp. 104–5), and very much harder line policies by smaller employers who take much of the risk of uncertain supply and demand for products and services.

Authors such as Morley et al. (2012) or Vatchkova (2010) have added an additional category to cover the ex-Communist states of central and Eastern Europe. These ex-Communist States aim to meet EU standards of managing resources (including Human Resources) in a more sustainable way, in major part because they seek membership of the EU, but these countries struggle to make the change from a Statist viewpoint (which can be similar to the moral hazard risk discussed above) in which the State bears the costs while the privileged groups reap the rewards. In any event the general populations of these former Communist regions argue that they are too poor to be expected to meet the sustainability requirements of the rich existing EU members.

3 The Issues and Challenges Facing Sustainable HRM in Europe

Focusing now on sustainable HRM in Europe, therefore, we can identify areas in which Europe has specific issues to deal with, others where organizations in Europe will share similar problems to those elsewhere, and others where Europe is either well-placed or has few problems.

3.1 Specific Issues for Europe

At a regional or national level, Europe has some specific problems that are unusual when compared to other regions of the world. Europe shares with some other developed states the problems of a long term declining birth-rates and aging populations. Most regions of the world have severe restrictions on inward migration and in this Europe is no exception – but is in comparison with other regions (such as Arab lands, China, India and Japan) more open. Recognizing the greater openness large numbers of migrants wish to move to take up jobs within Europe and employers (but not necessarily existing workers, unemployed residents, governments, political parties and Trade Unions) are keen to take on cheaper and highly skilled migrants to make up for shortfalls (or high costs) of indigenous labor. The combination of aging and migration means that Europe has to consider the sustainability of the human resources within its potential working population: will there be enough workers, workers staying in employment into older years or appropriate technology in the future to sustain an aging population? We will return to these issues below.

To date, existing wealth and economic crises in some countries have masked the problem of aging populations and lack of sufficient current workers to pay the costs of those (young and old) who are not active in the workplace, but the projections are worrying. Politicians currently try to address the problem by reducing pensions and other benefits, increasing indirect taxes and expecting people to work longer. Whether, long-term or (with the crisis of European Sovereign Debt) even in the short term, these measures will be enough remains to be seen. Also, from the protests common in Europe against increasing pension age or reducing privileges of certain groups, we can only guess how ‘the future generation’ i.e. young employees will react to unfair social and economic systems.

If a concern for the future is a touchstone for sustainable HRM then this is one issue that emphasizes both the importance of the subject and the fact that there is still much to do. If resources are used for current needs, for example unemployment benefits or pensions, there will be less for future generations. We see this vividly in the accumulation of debt (through ‘Quantitative Easing’ or issuing of Euro/national government bonds) which will have to be paid in the future. While, under American influence (see e.g. Hammer and Champy 1995), HRM has previously been concerned with cost cutting and reducing numbers in the workforce, in the future it has been argued (for example Harry 2009) that the function will become more concerned with creating and extending employment particularly of older workers and those who would otherwise be costing taxpayers in the form of social security payments.

A particular aspect of this problem involves careers. In a way familiar in much of Asia but rare in North America, for example, employees in much of Europe see their employer as having responsibilities and obligations beyond the formal employment contract. These responsibilities and obligations mean that many Europeans have a different psychological contract, including a requirement to protect their employment. Unlike in Asia, employees are encouraged in this by European employment legislation which, unusually in international comparisons, provides employees with rights to their employment which can only be abrogated by financial pay-offs and which can extend to future employment – through 'Transfer of Undertakings' (Protection of Employment) regulations. Hence, the aging general population is in many European companies mirrored by an aging company workforce with fewer youngsters to contribute to pension and sickness costs. Managing these older workers has become an integral part of sustainable HRM (Muller-Camen et al. 2011).

Even in Europe, it should be noted, there are an increasing number of workers in what has been called the "precariat" – people who are forced to accept short-term employment, or even unlawful employment, because they cannot find anything else. In other high cost labor markets, such as Japan and Taiwan, these contingency workers have become common in recent years but it is in Europe that the phenomena are most widespread. The availability of migrant workers (either the EU internal migrants from southern countries or the former communist states of Eastern Europe or external migrants from Africa and Asia) has encouraged employers to rely on contingent workers. Trade Unions see this as harming their bargaining power but use of lower cost precariat workers enables employers to meet the costs of employing permanent but expensive workers – for example, in Spain in 2009 while the economy shrank by 3.7 % the wages of employees on permanent contracts rose by 3.2 % (Economist 2011a). The Anglo-Saxon countries have used the availability of a flexible workforce as a competitive advantage that encourages the employment of their citizens and, over the recent past, have a lower rate of unemployment than the mainland European countries. While the unemployment rate was in most of Europe around 10 % in 2010/2011 (*FT* 2011a) – which is similar to that in the USA – in some countries, such as Spain, the unemployment rate was above 20 %. By 2012 the unemployment rate in Spain had reached 24.1 and in Greece was 21.7 (Economist 2012b). Surprisingly for a region with an aging population and a great need for more young people to enter the workforce to provide for the retirees, youth unemployment (those aged under 25 years) in a number of European countries is as high as 40 % (Economist 2011b).

An issue, which is in some ways linked to the aging of the European population, concerns the challenge to European tolerance. Compared with many regions of the world, Europeans with many different nations and cultures within a relatively limited land-mass have learnt, often with great difficulty, to be tolerant of social, cultural and behavioral differences. There have always been exceptions to this tolerance – as the time before and during the Second World War graphically reminds us. However, in general (compared with many parts of the world) attacking other people for their ethnicity or religion has not been viewed favorably in Europe. In recent years, though, the growth of immigration has been linked with a reaction in terms of a growth in support for right-wing, nationalist and in some cases avowedly racist political parties, challenging the accepted consensus. The benefits of having immigrants and the great imbalance between the standard of living of most people in Europe compared with the population of the rest of the world is neglected. The history of European exploitation of others, especially during the periods of colonization, and exploitation of resources, especially during the time of rapid industrialization, are rarely considered by those who complain about activities that damage human beings and harm the environment in developing countries.

3.2 Common Issues and Challenges

Alongside these specific issues, which in some form are shared by other high income countries, there are a number of challenges that Europe shares with many other parts of the world. There has been a drive in many multinational corporations (MNCs) for centralization and standardization (Brewster et al. 2005; Sparrow et al. 2004). Companies do this because it is efficient to have fewer operating systems, because it allows the transfer of what is seen as good practice and because it is believed to be fairer and goes someway to avoiding the criticism of malpractice in suppliers and subsidiaries demonstrated by Litvin (2003), Hiatt (2007) and Harney (2008). Improving international communications and "e-HRM" encourage centralization – and in most cases centralization means the imposition of headquarter's policies and practices throughout the world. But, as indicated in chapter "Sustainability and HRM", managing human resources sustainably across organizational and national boundaries and balancing global and local HRM strategies, expectations and practices, is not easy. Not exploiting foreign employees is one aspect of that attempt to be sustainable, but being sensitive to the needs and concerns of employees in non-headquarters countries is another aspect. Even if staff are not being physically exploited, the thoughtless imposition of headquarter's practices can lead to a loss of legitimacy and effectiveness as well as challenge local norms such as spending time together for the afternoon meal in Arab countries and having a long holiday at the time of Lunar New Year in Chinese societies. Sustainable HRM requires careful attention to getting the centralization/ localization balance right.

European MNCs which rely too much on devolving power to the operating companies (localization) risk a backlash from home country consumers if there are unethical work-practices in the supplier, while if they hold control and power too close to the center they will end up as over-bureaucratic and unable to respond to local conditions for sales or production outside Europe. For example, Shell has regularly faced problems, including consumer boycotts, in Europe for alleged malpractice in locations such as Nigeria (Litvin 2003). Meanwhile, apparent attempts to improve sustainable ways in Europe, such as the use of biofuels (Official Journal of the European Union 2003) to reduce the importance of fossil fuels resulted in further destruction of tropical rain forests and increases in food prices, especially in the poorest regions of the world. Developing solutions for a 'sustainable future' includes failures but from an HRM perspective the problem lies somewhere else: Staff with an expertise on non-linear, complexity thinking, ecology, sociology and many other disciplines are needed: Staff who have particular 'sustainability competences and skills' (see also chapter "Paradox as a Lens for Theorizing Sustainable HRM").

3.3 Areas Where Europe Has Fewer Problems

In chapter "Enterprise Sustainability and HRM in Small and Medium-Sized Enterprise", Hirsig, Rogovsky and Elkin define decent work as involving the promotion of social dialogue and workplace cooperation, the development of skills and employability, the creation of a safe and non-discriminative working environment, the improvement of general working conditions, the abolishment of child and forced labor, Corporate Social Responsibility (CSR) and the improvement of environmental performance. In Europe, many of these approaches are taken for granted. The EU's social policy and the laws related to it apply not just in the 28 countries of the EU, but have also been accepted by Norway and Switzerland and are one of the tests for membership, so are increasingly closely followed by legislation in the states seeking to accede to the EU. Overall, therefore, there are more than three dozen states in Europe with legislation that aims to meet the ILO's definition of decent work. The EU and subsidiary national legislation requires social dialogue on a variety of issues, requires health and safety at work and bans child and forced labor (while child labor, in the EU, probably exists only in very small family firms there are, regularly, a small number of cases which come to light of abuse especially of domestic labor and labor employed in seasonal agricultural work). EU policies support the development of skills and employability, and improvements in environmental performance; and the EU bans discrimination on grounds other than on the basis of capability (employers are required to discriminate by offering work to legal residents of the EU before considering migrant workers). If decent work is seen as analogous to sustainable HRM, then, the western and central European states at least could be seen as "ahead of the game". However sustainable HRM is more than just decent work.

As Elkington (1998) argued, sustainable practices should have concern for 'profit' (for commercial organizations profits are needed to keep the business going), for people (not just workers but others who impact upon or are impacted by the organization) and for the planet (the local and total environment). Rather than being ahead of the game, particularly in the liberal market economies of Europe, though certainly not only in these areas, the pressure is on from many employers to reduce some of these restrictions and supports to enable more migrants into the EU workplace and to reduce the employment protection for permanent staff. The argument that is advanced against such practices is that they increase the costs of employment in Europe and make the region uncompetitive with other parts of the world, (the example that is usually cited is the low employment protection and lower wages in Asian countries such as China and India) and that therefore these elements of HRM should be reduced. The argument is maintained even though many of the countries that have the best records of sustainable HRM (Finland, Germany, the Netherlands, Norway, Sweden and Switzerland for example) are amongst the richest and apparently most competitive economies in the world. It is, sometimes maintained that it is the wealth of these countries which enables them to aim for sustainability rather than for mere survival.

4 Sustainability Thinking in Europe

One area in which Europe seems to differ from other parts of the world is in the prominence given to stakeholders beyond that of the shareholders (see also chapters "A Stakeholder Perspective for Sustainable HRM" and "Sustainable HRM in the US" in this volume), relatively long-term thinking (but see also chapter "Sustainable HRM in East and Southeast Asia") and the willingness to extend the notion of organizational performance beyond the single, financial bottom line. Although in the UK and Ireland the expectation is that the shareholders have first claim on the resources of a company, in most of Europe the organization is expected to enable others, beyond the holders of shares, to influence or control the activities of a company. In these situations other stakeholders including the local community, suppliers and customers who may not allow short-term profit to be earned at the cost of long term harm to others.

The involvement (and rights – through the European Union Dialogue or consultation exercises) of stakeholders should lead to greater concern for long term sustainable performance but sometimes this leads to parochialism and the interests of a narrow group over the interests of a community or humanity. One example of such narrowness is the 'Red Tractor' schemes which encourage the consumption of locally produced foodstuff – the apparent concern to reduce carbon emissions can in reality mean that high cost producers are protected and lower cost producers in other communities are not allowed access to customers in rich European districts.

The argument could be made that HRM in Europe has always been readier to take account of stakeholders other than just shareholders, has less of a short-term share-market-driven mentality than the USA, and so may be in a better position to do something on sustainability (see also chapter "Sustainable HRM in the US"). European HRM practices can become more sustainable as the involvement of stakeholders means that there is a more long term orientation and more concern for working conditions for suppliers and users in other parts of the world who have a connection to the European organization. More care must be taken to reduce harmful work practices not just in terms of physical harm but also in ways of organizing. Some commercial organizations are claimed to be ‘too big’ or ‘too crucial’ to society to be allowed to fail. We saw this in practice with banks in 2007/2008 and beyond, also with private pension funds in the first decade of the twenty-first century and in the UK in 2011 the provider of residential care for the elderly – in these cases senior employees took risks and rewards while the taxpayer took the costs of re-structuring. A method of deferring pay (such as bankers’ bonuses) will cause most managers and employees to work for the longer term but the long term for a business is not long term for a society nor for a planet. Finding ways to shift concerns away from immediate profit to genuine sustainable profits, social good and no harm to the environment will be exceedingly difficult to achieve. If a tax is charged on businesses to get them to work more sustainably (such as carbon taxes or so called ‘green’ taxes) there is little expectation, from past performance, that the governments in Europe or of the EU will themselves act responsibly and sustainably. The best practices of some firms will be copied by others and there might be a cascade of sustainable ways of managing HRM but the advantages of acting in a short term, greedy manner for selfish immediate gain are made greater for the few if most rivals are acting in the long term best interests of the community and humanity.

As Europe becomes more diverse in terms of interest groups – nationalities, religions, ethnicity, political parties, age groups etc., it could become more difficult to reach a common understanding and willingness to work in a sustainable way. To fail, however, to reach these sustainable ways of working is to bring great harm to future generations. Europe, with its wide diversity of people and interests is facing the type of challenge which the rest of the world will have to face before too long. As is seen in many critical situations, having a variety of views on possible solutions can help groups to reach better solutions than those groups which are dominated by only one viewpoint. It is therefore likely that Europe will be better able to develop better solutions to the problems facing humanity than more homogeneous regions/nations such as China and Japan.

Recently, efforts to extend the single, financial bottom line towards a ‘double’ bottom line have been made – not only in European HRM research. For example, Paauwe (2004) as well as Boxall and Purcell (2011) propose to include socio-political goals like ‘social legitimacy’ as a goal for HRM in addition to cost-effectiveness or flexibility. Paauwe (2004) emphasizes in particular the tensions between economic rationality and relational rationality (social responsibility) as being of importance for long-term thinking in HRM. Jackson and colleagues (2011) address another double bottom line, the one between economic and ecological sustainability and the importance of ‘greening’ HRM. Efforts to include a triple bottom line for HRM, are however scarce (see Ehnert 2009). These trends show that European HRM is only at the beginning of exploring its role in developing sustainable organizations and workplaces.

Even academics are stakeholders in that their research can lead to better outcomes for organizations and society. For example, it could be very difficult to find evidence for the suggestion in the paragraph above that a variety of views (as a sort of scaled up Belbin model (2010), De Bono's (1985) 'thinking hats' or the 'Moonlanding Survival team exercise') in Europe can lead to more successful methods of managing sustainably but this is the type of challenge which should appeal to academics. Academic research can play an important part in suggesting ways which may increase the way that workers, managers and politicians in Europe (as well as elsewhere) can contribute to 'sustainability in HRM' and in other aspects of organizational design and management. Usually academics are more inclined to look back and present theories on why something has happened (Eccles et al. 2012) but in the case of the type of long-term study which sustainability requires academic research is into the realm of conjecture and prediction – this shift in focus could result in research being of much more value to businesses and societies. For example, if a diversity of views is not as successful as homogeneous attitudes, in say East Asia or the paternalism commonly found in Arab lands, then the emphasis on diversity currently supported in Europe could be seen as harmful.

The academics who prefer less controversial topics or methods of research will be able to undertake empirical studies and look at particular cases but those who are willing to undertake the involvement of action research and of taking the risk of predictive studies will be able to add to improvement in ways of managing and ways of working in sustainable ways. Europe is rich enough and concerned enough with the problems facing humanity and the environment inhabited by people to be able to support academic research aimed at improving sustainability in the way that Human Resources are managed.

5 Conclusions

There probably is a distinct European approach to managing HRM sustainably but it is, as we have seen, very difficult to define and measure the concepts of Europe, HRM and Sustainability. However even if we cannot clearly define and measure these concepts we do believe that HRM in parts of Europe is practiced in ways which aim to be sustainable that is different from other parts of the globe. Some of the difference comes from the European history and geography – many small and medium-sized countries occupying a relatively limited space and having, as result of destructive wars and highly damaging ways of using limited resources created a way of life which is clearly not sustainable. Some of the differences from other regions come from the political landscape of Europe with Socialist and Green parties developing agendas which emphasize social and environmental responsibilities. Some similarities with other parts of the world have arisen because of understanding of our inhabiting a shared planet so that, for example, nuclear accidents (such as that in Ukraine/Chernobyl close to the eastern border of the

EU or Fukushima/Japan) are not limited by national boundaries and carbon accumulation impacts on all of humanity.

When it comes to specific HRM practices there is probably, despite common European Union policies, as much diversity within Europe as in other regions as there are many nation states each with their national laws and methods of working. The legal involvement in the workplace is strong in Europe with, for example, EU directives on the number of hours a person can work in a week, protection from unfair discrimination, rights to take time off after the birth of a child among others. Safe and socially responsible methods of working are also enshrined in EU laws. Some specific national laws give even greater protection than EU laws, such as the French laws on shorter paid working weeks. Not only do the laws exist but they are, particularly in northern Europe, usually enforced – unlike laws in many other regions where laws may exist but are rarely enforced – for example coal mining in China and India. The laws are enforced in Europe because the 'rule of law' is a concept which has been widely accepted and while there is a belief that the law must apply to all equally there is an additional expectation that actions should not harm others. Hence a desire to temper the apparent short term focus of American and other Anglo Saxon corporations through, for example, German firm's Supervisor Boards, which take account of other stakeholders interest or the French governments' (of whatever political party) statist approach to business which seeks long term benefit for society.

Although we have argued that Europe is ahead of most regions of the world in terms of sustainability and HRM it is clear that this does not mean that most European organizations actually meet the recommendations either of the UN or of the EU Commission. Many of the achievements of European HRM are built upon the transfer of dirty, polluting, physically hard and low added value jobs to other parts of the world (see contributions in part III of this volume). It is time – despite or perhaps even because of the crisis – to think about alternative, more economically, socially and ecologically sustainable ways of doing business and about the consequences that this might have for people in European organizations and beyond.

We conclude that Europe, its people, organizations and HRM, has an important role to play in global progress towards a more sustainable development. Making European HRM more sustainable would require action and address issues such as systematically reducing the impact of business activities on employees, societies and the natural environment, providing (non-financial?!) incentives for more sustainable behavior in organizations and profiting from the European values and stakeholder orientation that we have described in this chapter.

Instead of using the economic crises as an excuse for not behaving in an ecologically and socially sustainable way, it is time for European MNCs and their HRM to explore approaches of how to develop more sustainable organizations. It is time to seek solutions proactively for virtuous cycles towards sustainability, instead of waiting too long until options become fewer and cycles vicious – as the financial crises illustrates well, even if tensions, dilemmas, paradoxes and drawbacks will have to be expected on this journey (see chapter "Paradox as a Lens for Theorizing Sustainable HRM").

The implication for European HRM research is that research opportunities are waiting to be discovered, however, they require a good sense of developing an interdisciplinary vision a sustainable future (instead of exploring only the past), reflecting these visions critically and studying their short- and long-term impact (for example, via simulations), testing the practicability of these visions (action research) and using new and more comprehensive theories for HRM (such as complexity theory).

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Sustainable HRM in Peruvian Companies

An Exploratory Study

Gina Pipoli, Rosa María Fuchs, and María Angela Prialé

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Abstract Finding ways to manage organizations sustainably with regard to their human/social, natural and economic resources along with administering work-life balance and managing talent are a major challenge for HRM (BCG (2008) Creating people advantage: how to address HR challenges worldwide through 2015. Presented at WFPMA World HR Congress, London 14 Apr 2008), also in Latin America. In this chapter, we will focus on the role of HRM supporting Sustainable human resources management (HRM) systems in large Peruvian companies. A model with the following three key elements is used in this research: work-life balance, personal autonomy in professional development and employability of the workers (see Zaugg et al. (2001) Nachhaltiges Personalmanagement: Spitzengruppenbefragung in europaïschen Unternehmungen und Institutionen. Arbeitsbericht Nr. 51 des Instituts fûr Organisation und Personal. Universität Bern, Bern). The methodology of this research involved the use of online questionnaires among

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Human Resource (HR) managers of companies operating in Peru. In addition, 32 HR managers were interviewed. The results show that the three elements are present but in an emerging stage. The present study intends to analyze this complex topic, providing a panoramic view of companies operating in Peru by studying their understanding of sustainability in HRM.

1 Introduction

In 1987, the Brundtland Commission identified sustainability as an important concept to be taken account of in economic growth (WCED 1987). More recently, the business world has started to show a stronger interest in corporate sustainability and corporate social responsibility (see chapter "Sustainability and HRM" of this book). If people are considered as human capital, the different aspects of people management may gain importance as those involved in management (and other stakeholders) will recognize that it is worthwhile to invest in, develop and maintain these valued resources. Issues such as corporate culture, workplace environment, safety, health, and diversity, among others, can be analyzed to determine if a company is engaged, at least in part in a sustainable way of doing business (Van Marrewijk and Werre 2003).

Relatively little empirical research (for an exception, see Wehling et al. 2009) has been conducted in Latin America to identify which HR strategies and processes are more likely to be associated with sustainability. The main focus of companies, in terms of HR strategy, is the existing and potential level of competitive advantage gained from the deployment of their human capital. However, in the study outlined in this chapter it has been possible to analyze the practices regarding sustainable management of HR among managers of major companies that operate in Peru. By examining their practices, this chapter intends to answer the question of how companies in Peru approach Sustainable HRM.

This exploratory study is based on the specific approach to Sustainable HRM established by Zaugg et al. (2001). The approach defines sustainability in the management of people, built on three elements: work-life balance, personal autonomy in professional development and employability of the workers. Within this chapter we will refer to this as the 'Swiss model'. The Swiss model was chosen to explore what is happening in Peru because it includes a stakeholder perspective which seems very relevant in this South America nation. Current trends of Peruvian management emphasize the understanding of sustainability as social responsibility and due to the relationship between social responsibility and the stakeholder approach, the Swiss model fits well. We also believe the Swiss approach conceptualizes Sustainable HRM following the Peruvian tradition of harmonious co-existence of employees, corporations and society. Finally, the Swiss model was developed based on the observation that more Swiss companies have difficulties in finding skilled, motivated people and that an increasing number of employees are absent from work because of stress-related symptoms (Zaug et al. 2001; see also

Ehnert 2006). The situation described is similar to the one HR executives of large companies in Peru face when they attempt to attract and retain highly skilled professionals.

The chapter is organized in three parts. Part I is the literature review. Part II gives details of the empirical research, the methodology used and the results. Finally, part III presents the conclusions and future research possibilities.

2 Corporate Sustainability and Corporate Social Responsibility as Contributions to Sustainable Development

In 1987, the Brundtland Commission defined sustainable devolopment as “development that meet the needs of the present without compromising the ability of future generations to meet their own needs” (WCED 1987, p. 15). Nowadays, the legitimacy of sustainable development is widely accepted (UNCED 1992; EC 2002) and in order to integrate this notion into the business agenda a wide spectrum of sustainability related terms have been coined. Two of them are Corporate Sustainability (CS) and Corporate Social Responsibility (CSR). As expected in an emerging field, many definitions of these two terms have been mooted. Each one reflects a cultural context and different rates of adoption Schaltegger and Burit (2005) and is aligned with specific situations and challenges.

CSR must be understood as a complex, multidisciplinary and multi-faceted approach (Kakabadse et al. 2005). Although there is not general agreement on the definition, the term CSR is increasingly used not only in United States where it was created, but also in Europe and Latin America. Most of current CSR theories focus on four main aspects therefore they can, usefully, be classified into the following groups: (1) instrumental theories: meeting objectives that produce long-term profits, (2) political theories: using business power in a responsible way, (3) integrative theories: integrating social demands and, (4) value theories: contributing to a good society by doing what is ethically correct (Garriga and Melé 2004). In addition, although most of CSR groups of theories do not make explicit some mode of integration there is a tendency towards such assimilation (Garriga and Melé 2004). A modern understanding of CSR was set by the International Standards Organization (ISO) in ISO 26000, that defines CSR as the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior, that: (1) contributes to sustainable development, including health and the welfare of society; (2) takes into account the expectations of stakeholders; (3) is in compliance with applicable law and consistent with international norms of behavior and; (4) is integrated throughout the organization and practiced in its relationships (ISO 26000, 2010). The Standard also establishes seven core subjects of social responsibility, all of which are parts of most current CSR definitions: Organizational governance, community involvement and development, human rights, labor practices, the environment, fair operating practices and consumer issues (ISO 26000, 2010). In this chapter we use this definition of CSR given by ISO 26000.

CS grew out of environmental management in German-speaking Europe (Wehling et al. 2009) and refers "to some composite and multi-faceted construct that entails environmental social and economic organizational outcomes" (Hahn and Figge 2011). CS aims to control ecological, social and economic impacts (1) to achieve sustainable development of the company and business and (2) to make a positive contribution to the sustainable development of society (Wehling et al. 2009). From this point of view, CS starts with the three dimensions of sustainability instead of ethical categories or the stakeholder approach. However, a broader CS definition includes references to the stakeholder approach: "…meeting the needs of the direct and indirect stakeholders, without compromising the ability to meet the needs of future stakeholders as well" (Dyllick and Hockerts 2002).

From the theory, there are at least three positions relevant to the relationship between CS and CSR. The first one raises a hierarchical relationship between CSR and CS, placing CS as the ultimate goal, with CSR as an intermediate stage in which companies try to balance the Triple Bottom Line (Wempe and Kaptein 2002). The second one is close to the first, but implies a distinct disaggregation of dimensions-distinguishing sustainability from responsibility or Corporate Responsibility (CR). The three aspects of sustainability (economic, environmental, and social) can be translated into a CR approach with which companies have to be concerned. This position shows CSR as a tool that fits into the current CR or CS frameworks in order to complete the picture of corporate sustainability (Panapanaan et al. 2003). The last position places CS as a sustainability-driven, sub-concept of CSR. This position argues that the CSR concept can serve by itself as the basis for an effective business case for sustainable development and might contribute with solutions to satisfy stronger social and ecological challenges if the CSR concept is approached strategically Kleine and Von Hauf (2009).

From a more pragmatic point of view, a growing linkage of CS and CSR has been reported. Wempe and Kaptein (2002) has indicated that the ideas of CSR and CS, which traditionally have shown separate paths, are now converging. In the past CS was related only to the environment (eco-efficiency focus) and CSR was seen as concerned with social aspects, such as human rights (the social aspects within the stakeholder approach). Nonetheless, both concepts have evolved and in the business practice are mostly used interchangeably. They will also likely converge since they are already operationalized with the same measures (Marrewijk 2003). In business practice, firms consider CS and CSR as synonyms – or two sides of a coin- and companies choose the definition that matches the best with their values and the one that is aligned with its business strategy Hardjono and Van Marrewijk (2001).

Despite (1) the theoretical distinctions and our recognition that the two terms have an overlapping core but are still distinctive, and (2) that the CS concept could be considered a more precise operationalization of the Brundtland definition, for the purpose of this chapter, we are going to consider CSR and CS as interchangeable concepts. At least three reasons are behind our decision. Firstly, probably due to the strong influence of the United States (US) in Peruvian business management, CSR constitutes the most commonly accepted construct. It is seen as focused on value creation, human capital management, and environmental management. Secondly, because the final objective of both CSR and CS are to increase corporate performance and legitimacy, as a way to contribute to sustainable development. Thirdly, both concepts share an HR sustainability focus, which has often been neglected.

2.1 HR Perspectives on CSR and CS in Peru

Lockwood (2004) maintains that HRM will play an increasingly critical role in leading and educating organizations on the value of CSR and "how best to strategically implement CSR policies and programs domestically and abroad" (Lockwood 2004). Mariappanadar (2003) argues that employee-related HR practices should incorporate the tenets of sustainability. Although in Peru the issue of CSR has been addressed since the mid-90s in general, there is a dearth of literature on CSR in the country. One of the existing studies – that considered seven countries in the region (Argentina, Brazil, Chile, Guatemala, Mexico, Panama and Peru) – establishes that, regarding CSR, companies in these countries share common concerns: (1) ethical behavior of the company, (2) the conditions of the workers, (3) community development and, (4) the impact on the environment (Correa et al. 2004). The study concludes that although CSR is a growing trend in the region, there is little evidence that CSR considerations are part of the strategic business agenda.

One factor that may be crucial to understand the lack of strategic integration of CSR practices in Peruvian companies is the structure of the business sector. The business context in Peru is dominated by micro and small enterprises (MSEs). Their actions reflect commitment to CSR, but this commitment is not often associated with the concept of CSR and is executed with a lack of strategic vision Vives et al. (2005). Another factor is that CSR is a topic that does not come from a Latin-American business perspective, but is imported by subsidiaries of foreign multinationals firms Vives et al. (2005).

However, regardless of the extent to which the implementation of CSR practices is considered strategic, it is necessary to know which are the dimensions that business executives include as internal CSR actions related to workers in order to understand their link with HRM. The internal CSR actions (social aspects of the company´s activity oriented to satisfy expectations of their workers and employees: health and welfare, training, participation, work-family balance, equality). On that topic, for large Latin American enterprises, Correa et al. (2004) observed well-developed internal CSR policies and fully identification between work productivity and CSR activities. In addition, those HR managers interviewed for this study mentioned two types of added value from their CSR efforts: better corporate image and higher worker identification. In 2009 another study took place- the

Forum Empresa, a business network that promotes CSR in the Americas with members from 18 countries, conducted a survey (which included Peru). Forum Empresa studied the state of five dimensions of CSR: corporate governance and anti-corruption measures; community relations; environment; consumers/or users and; workers relations and future expectations. Within this study, two of the conclusions are relevant to HRM: First, executives considered the relationship with workers the most important dimension (FE 2009). Second, the perception of their companies' performance on CSR has a positive influence in executives' expectations for future development of CSR including better relations with workers and better future projections (FE 2009).

On the other hand, contrary to the findings showed by Correa et al. (2004) and focusing on the Peruvian case, Marquina et al. (2011) states that the internal CSR of large enterprises, with an explicit commitment to CSR, only aim to meet basic legal requirements. Marquina´s study mentioned that companies reported the following as the major CSR programs for their workers or employees: training, corporate volunteering, raise, work environment, health insurance, personal development, and career path, accessible housing loans, etc. Moreover, these programs are not necessarily developed in HR departments, which suggests that in Peru the HR development function is not fully involved or interested in the companies' CSR activities.

Related to Latin American MSEs, Vives et al. (2005) points out that the main internal CSR activity for their workers is providing facilities for work-life balance followed by activities related to health/welfare and participation. The results also show that internal CSR is much more widespread than external CSR and reveal a major concern of MSEs for their own workers and employees, either formally or informally. In the specific case of Peru, 50.6 % of the MSEs participating in the study reported high/medium degrees of internal CSR implementation.

2.2 Sustainable HRM in Peru

Although there is no a universally accepted definition of Sustainable HRM, recently the relationship between sustainability and activities related to HR have received more attention and has become important for decision making (see chapters in this book). Although several authors argue that both sustainability and CSR initiatives are relevant for the HRM field, the concept has rarely been applied consistently and systematically in literature and in empirical research (Ehnert 2009).

Research shows that in order to integrate the economic, environmental and social responsibilities of sustainability into every business process, it is necessary to have effective employee engagement (Psilou 2011). The challenge is to find the factors that motivate employees to be more committed to a company, their supervisor and the team itself. Sustainability professionals need to ensure the engagement of employees, when working, to have a company acting responsibly in all three sustainability dimensions: environmental, social and economic (Pojasek 2010). The underlying assumption is that a 3-p (people, planet and profits-Elkington (1997)) oriented organization will more likely succeed in engaging employees; and the more engaged employees are, the more likely it is that the company will achieve its objectives and become more profitable.

While recognizing differences across Latin American countries, firms in this region need to find ways to combine traditional and local HRM practices with global ones (Elvira and Davila 2005). Throughout the centuries, Peruvian business practices which can be considered within the concept of HRM in various forms even though the formal development of HR in business practices has only become apparent within the last generation (Arbaiza and Sully 2005).

According to the Peruvian Ministry of Labor, 55 % of the workforce in Lima works in the private sector, 44 % of the workforce are women. Only 6.6 % of the workforce is employed in the public sector while 29.3 % prefer to be self-employed (MINTRA 2010). In Peru medium and large companies usually have a well-defined area of HR. While HR practices in medium sized companies are related to the short-term those of big companies are concerned with longer term issues including retaining talent and implementing practices that help them in this purpose. Peruvian companies are worried about aspects of HR such as organizational climate and there is a tendency to participate in national rankings to measure whether these companies are good places to work.

Characteristics listed below have to be considered in order to understand the definition of Sustainable HRM we considered more appropriate for the Peruvian case:

1. Work plays a central role in Latin American life, providing much more than a mere means of sustenance (Elvira and Davila 2005).
2. Standards of public education in Peru are among the lowest within South America and there is a huge disparity between public and private education, as well as between urban and rural systems – especially for girls (Arbaiza and Sully 2005).
3. A large informal sector exists in Peru. Less than 25 % of the country´s work force has access to formal and productive employment with a reasonable income (Garcia 2004). Contrary to what is typically assumed, the informal sector is not the last resort, but is actually a preferred option (Elvira and Davila 2005).
4. Peru historically had an economic pattern that dictates companies to have a flexible workforce. When inflation is high, companies have adapted HR strategies for outsourcing service and production jobs to daily paid and weekly paid temporary workers. When inflation is low, companies hire workers on a contractual or nonpermanent basis to fulfill production and service activities. There have been many cases where stable companies reorganize, go out of business, or merge, resulting in the large loss of jobs. Thus, the workforce has become wary of claimed stability of employment (Arbaiza and Sully 2005).
5. Because of the lack of a pool of skilled workers, training is important in Peru not only for developing the employee within the organization, but also for building a bridge of trust between employees and management (Arbaiza and Sully 2005).

Due to the economic Peruvian growth there is an increasing demand for high skilled workers that the market cannot provide.
6. The salary gap between more skilled and less skilled workers has widened in recent years. Economic liberalization has not benefited less skilled workers (Elvira and Davila 2005).

Due to this context, we considered that the model developed in 2001 by Zaugg, Blum and Thom focuses on aspects that in the Peruvian context link HRM and sustainability. According to the authors, the Sustainable HRM scheme is described as "those 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 et al. 2001). In their Sustainable HRM model the individual and the company are regarded as equal partners Thom et al. (2004). At the heart of Sustainable HRM are the creation, development and preservation of future-oriented skills that contribute to increase the value of the firm, the employability of individual employees and social values. It is necessary for a Sustainable HRM to be participatory, flexible, value added-oriented, challenging, group-oriented and strategically competence-oriented (Zaugg et al. 2001).

Zaugg et al. (2001) consider that if the three elements work-life balance, personal autonomy in professional development and employability of the workers are chosen as objectives in a model of Sustainable HRM, they will improve self-knowledge and identity, develop talents and potential, and build human capital in an organization. They also encompass current employer preferences and priorities. Thus, having measures of sustainable resource management have three effects: long-term supply for companies of skilled and motivated people, a sustained competitive advantage and economic value added.

Work/life balance is defined as "the growing recognition that individuals require a satisfactory balance between the demands of work and those of the rest of life" (Glynn et al. 2002). Glynn explains that there is a need to recognize that individuals require a satisfactory balance between work and personal life for a better performance. "The emphasis on work-life balance is shifting from being merely the concern of employees to a joint responsibility between employer and employee" (Glynn et al. 2002). To manage work/life balance, Friedman and Greenhaus (2000) emphasize that workers need to build support networks at home and at work, because studies demonstrate that an inadequate balance between work and family has negative consequences and affects both employee performance and home relationships (see also chapter "The Model of Negative Externality for Sustainable HRM" in this book).

Therefore, choices to facilitate this balance require work/life programs to retain employees; but companies also have to find the best way to communicate these programs. If a company already offers work/life benefits, the next step may be to effectively communicate this offer to employees. "In addition, developing a human resources strategy that is clearly integrated with the company's mission will demonstrate how committed the organization is to employees' needs"

(Lockwood 2003). Furthermore, for work/life benefits, it is helpful to have a corporate culture that supports and accepts employees as individuals with priorities beyond the workplace (Lockwood 2003). “Employees who experience high rates of stress due to work/life conflict and decreased perceptions of control over their work are less productive, show less commitment and satisfaction with their organizations and are more likely to leave the organization”. On the other hand, employees with low rates of work/life conflict have higher job satisfaction (French 2005).

In conclusion, work/life programs have the potential to improve employee satisfaction, reduce turnover, and retain productive employees. Nowadays, organizations need to understand the vital importance of work/life balance and to develop programs that fit their employees’ needs. Therefore, when employers and employees perceive work/life balance as a priority and feel that there is a positive balance between family and work, employees tend to stay in the organization (McDonald and Bradley 2005). Personal autonomy in professional development provides employees with the freedom and flexibility to manage their own tasks Ahuja et al. (2006), Fried et al. (1999), Troyer et al. (2000) explain that increased levels of autonomy will allow individuals greater flexibility in the ways they define their tasks because in many situations the employees are able to decide how to perform their work. There are many approaches concerning the different factors that affect autonomy at work, for example:

(a) Position in the organization. The lower one goes down in the hierarchy of the organization, the greater the probability that behavior is controlled by the technology and organizational structure management Barrados (1970).
(b) Type of supervision. Some supervisors encourage the exercise of autonomy among workers, while others do not. Studies determine that supervision seems to be a very important variable Barrados (1970).

Finally, Barrados (1970) explains that, in order to hold an autonomous position, employees need to have control over the work process and over the rhythm of the tasks assigned by managers. Moreover, employees should feel free to try new ideas for performing their work if work autonomy is requested. Eby et al. (1999) found that autonomy was positively related to organizational commitment and reduces absenteeism. Autonomy is important to workers since it provides them the freedom to perform their work independently (Ahuja et al. 2006). Work autonomy has been defined as “the degree to which the job provides substantial freedom, independence and discretion in scheduling the work and in determining the procedures to be used in carrying it out” (Hackman et al. 1975, p. 59). Jackson et al. (1986) as well as Pines et al. (1981) have suggested that the outcome of lack of autonomy is work exhaustion, low satisfaction and reduced productivity. Research suggests that autonomy influences individual perceptions of the workplace and affects employees’ behavior (Perrewe and Ganster 1989).

Hillage and Pollard (1998) define employability as “being capable of getting and keeping fulfilling work. More comprehensively, employability is the capability to move self-sufficiently within the labor market to realize potential through sustainable employment” (Hillage and Pollard 1998). These authors also explain that workers employability depends on personal circumstances such as family responsibilities, work autonomy, and flexibility to manage balance between work and family and external factors. It is important to recognize that the current changing career patterns have resulted in a growing focus on employability as a basis for career and employment success (Thite 2001). There is a concept called the employability paradox. This paradox considers employees' knowledge, skills and attributes as being like fixed assets, but unlike fixed assets people can resign and move to a competing firm, can demand increased salaries and may not engage fully in contributing to firm goals, thus negating any investment made (Coff 1997). Therefore, good HR practices with retention goals should be pursued.

3 Empirical Research

3.1 Methodology

This exploratory study uses data collected as part of a survey which was designed based on the model developed by Zaugg et al. (2001). The survey was administered to HR managers of large companies that operate in Peru (a total of 32 enterprises). The survey was conducted between April and June 2011. The questionnaire was originally developed in Spanish using the items proposed by the Swiss model. The questions were proposed considering the context of Peruvian enterprises. The sample size was determined according to the central limit theorem. This theorem states that when samples are large (above about 30) the sample distribution will take the shape of a normal distribution (Field 2009). A random sampling method was used to accomplish a sample size of 32 companies: 28 % from the service sector; 13 % from the commerce and transport sector; and 59 % from different sectors (computing, health, financial sector, manufacture, mining and education). 72 % of the companies sampled have more than 100 employees.

Because of its financial and electronic accessibility, the survey was disseminated via the Internet using Google Form, a web-based survey development, data collection and support service. The questionnaire had a total of 19 questions (See Table of the appendix section for the questionnaire structure). Using a Likert scale with identical response options of a standard five-point agree/disagree intensity scale, the respondents were given a statement and asked whether they strongly agreed, agreed, disagreed, strongly disagreed or were neutral about an item. At the beginning of the questionnaire, HR managers were asked about their understanding of concepts related to HRM. Then they were questioned about the use of instruments for sustainable or social responsible HRM in terms of: recruitment, deployment, development, internal marketing, retention, misemployment and leadership. The survey also focused on how Peruvian HR managers view themselves and their profession with regard to Sustainable HRM.

3.2 Results

As mentioned before, there was a variety of participants across sectors, including, manufacturing, services, natural resources, and technologies. The heading 'service' captures a variety of sectors such as health, education, insurance, financial services, commerce, and transport. Of the 32 companies that participated in the study, more than 63 % have around 20 % of top positions held by females. This finding supports the literature research which suggests that generally, employment opportunities for women and their labor force participation have improved, but discrimination still exists in salaries and career opportunities (Elvira and Davila 2005). In Latin America, one of the main causes of gender inequality in the labor market is the persistence of a division of labor based on sex that gives women greater responsibility for unpaid reproductive work and determines the amount of time that men and women spend working in the productive and reproductive spheres. This inequality is compounded by stereotypes, prejudices and myths about the ability of women to work and to balance work and family life. Nicaraguan and Costa Rican female executives reported traces of machismo at home in expectations and pressure from their husbands that were a barrier to their career (Osland et al. 1994). However, the mass influx of women into the labor force and the gaps that exist with regard to work-life balance and sharing of responsibility in the domestic sphere call for a new approach to employment policies (ECLAC 2010).

The HR managers that answered the questionnaire think that Sustainable HRM is related with the following concepts: developing people, managing HR issues strategically, innovating and considering employee welfare. Most HR managers who took part in the survey prefer to get qualified people from competitors. In Peru, recruitment is predominately, or 70 %, based on the requisite qualifications for the relevant position, whereas the remaining 30 % is based upon background information including schooling, university experience, family, and friends. Social contacts through family and academic connections are important, too (Arbaiza and Sully 2005).

HR managers in Peru do not give much importance to the transition between holding a full time job and retirement. When asked about temporary assignments before retirement or giving priority to older workers, 47 % and 38 % of respondents do not even have a consistent opinion about these topics. The answer to that attitude is that an average retirement time for a Latin American employee cannot be acknowledged. Labor force participation rates remain quite high for those aged 65 and over in certain regions of Latin America (Kelly 2006). This also helps to explain why income from work is the second most important source of support for men aged 60–69 in the Latin American and Caribbean region (Pelaez 2006). If retirement is uncommon for older groups, it is natural that HR managers do not invest time in organizing practices to make retirement time less of a shock.

Figure 1 shows that different working-time schemes that can be applied in an organization to give employees a work life balance. In Peru, the survey shows that the use of annual work quota and job sharing are the practices that are used

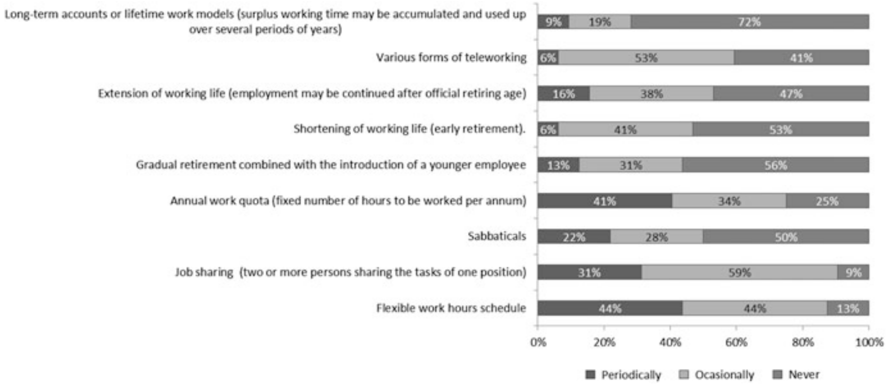

Fig. 1 Frequency of use of different working-times schemes (Source: Own elaboration)

periodically. On the other hand, 74 % of the respondents never use long term accounts or lifetime work models. More than half of the respondents implement job sharing occasionally in their organizations. Unlike the situation in Europe, Peruvian HR managers still do not give so much importance to practicing different work-time schemes as a norm.

The survey found that 26 % of the respondent HR managers think that employees should participate in most of the company decisions and that 44 % of their companies encourage employees to develop a sense of responsibility. Regarding this element, Latin Americans' preference for centralization and organizational hierarchy is a challenge, when work systems that rely on authority decentralization are implemented (Elvira and Davila 2005). The presence of paternalism also presents a challenge. Paternalism can be defined as a way to control employees through the analogy of the family. This practice disguises paternalistic leaders -who are autocratic and adopt a directive leadership role, are reluctant to delegate decisions and to use work teams, supporters of vertical communication and relationship-oriented- as benevolent, kind, and protective bosses. All of this is done under the assumption that everything is performed for the sake of the employees. The main feature of paternalism is that employees receive esteem and social approval from employers who, in turn, are flexible, loyal and reliable (Pellegrini and Scandura 2008). Considering this situation, achieving a level of autonomy and participatory egalitarian relationships, horizontal communication, delegation and trust represents a huge challenge. This paternalism has its basis in a collectivistic culture (Hofstede 2001) in which strong senses of family ties and loyalty and obligations owed to family members are also evident in organizational life (Osland 1999).

A common retention process in Peru is to offer attractive non-material incentives. Half of the respondents agreed that their incentive program is consistent with the objectives of the organization. However, the figures that typify excellent HR benefits in many developed countries may not be motivating enough for workers who are accustomed to providing sustenance to their families through multiple jobs (Arbaiza and Sully 2005). Responses indicate that HR managers periodically interview employees about their achievements at work. More than one half seek to have a participative management style. This style can be a make up for the paternalistic leadership style Latin America maintains, because this leadership is congruent with the values of collectivism.

With regard to HR objectives related to Sustainable HRM systems, our results shows different perspectives between European and Peruvian companies. The Zaugg et al. (2001) study clearly indicated that HRM in different European companies is strongly aligned to economic objectives. HR measures very often serve to support the company's financial objectives. In addition, about 90 % of the European companies align their HRM to enhance individual responsibility. On the contrary, as can be seen in the Fig. 2, the Peruvian executives interviewed consider these topics less important and HRM is aligned with self-realization, employability, quality of life and compensation rather than with guaranteeing a performance-adequate-pay. Two elements could explain the results. First, that Latin America experiences a constant threat of unemployment, low and unstable wages and reduced protection of workers by unions and other regulations (Elvira and Davila 2005) and second, HRM in this region centers around the person "the HR professional is seen as an advocate at the service of employees rather than strictly as an agent of the organization" (Elvira and Davila 2005).

Another crucial factor for Sustainable HRM that distinguishes Europe from Peru is the priority of the objective to promote individual responsibility. In Europe about 90 % of the companies align their HRM to enhance individual responsibility of employees, while in Peru it is one of the least important objectives. This difference may be explained by the paternalist and controlling culture dominant in Peruvian HRM (Elvira and Davila 2005).

Promoting health and pleasure at work are also quite often mentioned as objectives for HRM both in Europe and in Peru. However, these objectives endeavor to give employees a high quality of life appears as important for Peruvians and less relevant for Europeans. One explanation is that while in Europe, the state regulates and guarantees coverage of many services related to quality of life, in Peru this aspect is managed privately or does not exist.

Finally, in Peru a goal that is not mentioned is arrange social contacts for employees within the company, while in Europe this objective is located at the level of social responsibility. This result is not surprising since Hofstede (2010) stated that Peruvians belong to a collectivist society (in which there is a tendency to build close and long-term relation-ships without the need of support from employers). On the other hand, European countries tend to be more individualistic societies with less reliance on relationships with others. The listed empirical results lead to the conclusion that an increasing strategic importance is placed on HRM in Peru. Although HR management in Peru is starting to be considered as strategic the sustainability approach as described in the Zaugg et al. (2001) model is not yet internalized.

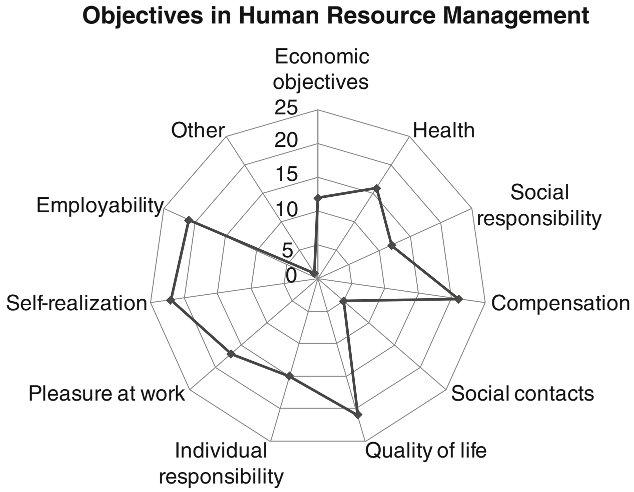

Fig. 2 Objectives in HRM (Source: Own elaboration)

4 Conclusions

The literature reviewed on HRM in Latin America supports many of the results in our survey. Peruvian companies consider that a Sustainable HRM involves developing people, managing HR issues strategically, innovating, and considering employee welfare. Health in the workplace is also an important aspect and measures on this issue are applied systematically. Meanwhile, few of the Peruvian HR managers recognize the potential of older employees. This is emphasized by the fact that the majority of the surveyed HR Peruvian managers do not establish particular roles for older employees. The experience of these older employees is not being used as it should be.

Policies and programs regarding the promotion of work-life balance are considered by the Peruvian HR managers, especially by offering flexible working hours and an annual work quota. Again, programs of gradual retirement and training young employees, that can be associated with older employees, are not used. In the majority of companies there are no programs to capitalize on the knowledge and experience of older people.

Individual responsibility for employees is important for Peruvian HR managers. Employees need to participate in the most important company decisions. Incentives (monetary and non-monetary), are considered to be effective for the retention of employees. According to the majority of surveyed Peruvian HR managers the programs that involve a mix of incentives are attractive for employees. Exit interviews are applied in the majority of the cases where someone wishes to resign which can be associated with the seriousness involved in developing a strategic HR management. If HR managers know the causes for leaving a company they can develop the right measures for retaining talent.

The Peruvian HR management style is cooperative while looking for effective interaction with the employee. The objectives that are considered key for HR management in Peruvian companies are: self-realization, quality of life, compensation, employability and pleasure at work. The factors that were mentioned throughout the analysis of results do not indicate much HR involvement in supporting Sustainable HRM systems. It seems that the concept of a Sustainable HRM needs further development. However the three sustainability pillars (people, profit and planet) are present in the managerial practices of Peruvian HR managers.

Apart from the efforts of Peruvian universities such as Universidad del Pacifico, ESAN or Centrum and organizations like Peru 2021, CONFIEP or SASE, there is a lack of knowledge on Sustainable HRM among HR professionals. Furthermore, related to the Sustainable HRM concept the situation is more critical because most of HR professionals have not been educated in that topic at all. Although there are similarities among Latin American countries, it will be desirable to extend the research to other countries to find out if the situations are similar in the various countries of this continent.

APPENDIX: Questionnaire Structure

Information objective	Structure
Company description	1. Number of employees
	2. Manager position
	3. Industry
	4. Number of countries in which the organization operates
	5. Employees working part-time
	6. Women in top, medium and low positions
Concepts of Sustainable HRM	1. Categories are linked to Sustainable HRM
	2. Managers that believe their company has a particularly innovative concept for Sustainable HRM
Recruitment process	1. Managers that believe their organizations use job requirement profiles to find ideal candidates for each position
	2. Managers that believe their organization analyzes systematically key figures for the relevant labor markets (unemployment figures etc.)
	3. Managers that believe their organizations invest significant resources in instruments/initiatives intended to enhance the attractiveness of the company in the labor market
	4. Managers that believe their companies are not afraid to get qualified people from the competitors
	5. Managers that believe their companies attach great importance to assessment centers as a means of personnel selection
Deployment process	*Health Management*
	1. Managers that believe that at least one person in their organizations are responsible for promoting and preserving the health of employees at work

(continued)

Information objective	Structure
	2. Frequency with which the organizations take health management measures in the workplace
	Older employees.
	3. Managers that believe their organizations recognize older employees' potential and give them priority
	4. Managers that believe their organization assign old employees in work projects or temporary assignments as a manner of consulting before retirement
	5. Managers that believe old employees work part-time before retirement
	6. Managers that believe older partners do coaching and mentoring to young people in their organization before retirement
	Work life balance
	7. Frequency of use of different working-time schemes:
	(a) Flexible work hours schedule
	(b) Job sharing (two or more persons sharing the tasks of one position)
	(c) Sabbaticals
	(d) Annual work quota (fixed number of hours to be worked per annum)
	(e) Gradual retirement combined with the introduction of a younger employee
	(f) Shortening of working life (early retirement)
	(g) Extension of working life (employment may be continued after official retiring age)
	(h) Various forms of teleworking
	(i) Long-term accounts or lifetime work models (surplus working time may be accumulated and used up over several periods of years)
Development process	1. Managers that believe their organizations encourage employees to develop a sense of responsibility (e.g. by providing them with course budgets that they can administer themselves)
	2. Managers that believe workers should participate in most of the company decisions
Internal marketing process	1. Frequency of development of a value proposition for employees
	2. Frequency of implementation of cooperation projects with associations and educational institutions
Retention of staff	1. Managers that believe that the incentive program is consistent with the objectives of the organization
	2. Managers that believe that their organization offers its employees attractive non-material incentives such as bonuses and benefits
	3. Managers that believe employees receive attractive intangible incentives in their organization
Misemployment	1. Frequency of exit interviews
	2. Frequency of outplacement practices
	3. Managers that believe the organizations are concerned that professional assistance is received during the separation of employees
HRM and leadership	1. Frequency of participative management style
	2. Frequency of interviews to assess the achievements of the staff
Objectives in HRM	Identify topics promoted in their HRM

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Sustainability and HRM in International Supply Chains

Christine Hobelsberger

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Abstract In our globalized economy, multinational enterprises are increasingly required to enforce sustainability principles not only in their own organizational context, but also their legally independent business partners along geographically spread supply chains. Against this background, the chapter determines the role of Sustainable HRM in international supply chains. Drawing on pertinent literature as well as expert interviews and group discussions conducted within a research project on governance for sustainability in international value creation chains, the author strives for bringing in new impulses as well as implications for practice and future research in the field of Sustainable HRM in international supply chains.

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1 The Role of Multinational Enterprises in a Globalized World

Today's global economy is increasingly shaped by international supply chains which link actors from various countries with differing social, legal, cultural and economic backgrounds "around the globe" (Altenburg 2005). In this context, multinational enterprises (MNEs) are seen to play a pivotal role. Dicken (2003) refers to an MNE as "a firm, that has the power to coordinate and control operations in more than one country, even if it does not own them" (p. 198). Different from other definitions, this is quite a wide perception, highlighting an aspect that is very important when discussing MNEs' role in sustainable development: The fact that MNEs' reach often extends beyond their legal boundaries, allowing them to control production over large distances without exercising ownership (Jenkins 2001). Different from national enterprises, MNEs are able to take advantage of geographical differences in the distribution of production factors such as natural resources, capital and labor or state policies (e.g. taxes, trade barriers, subsidies). On the one hand, (newly) industrially developing countries have experienced benefits from foreign direct investment and their participation in international supply chains, for example, in terms of capital, employment, technology and access to international markets (Bird and Smucker 2007; Locke et al. 2007). On the other hand, according to Lee (1997) there can be witnessed a certain "market failure" in terms of an unequal distribution of benefits and damages among the actors involved in or affected by international supply chains (p. 10). Thus, developing areas often bear the burden of "public bads" that result from the consumption or even exploitation of their human and natural resources, meanwhile they are not (sufficiently) provided with "public goods" such as positive development outcomes, decent working and living conditions or measures of environmental protection (Bird and Smucker 2007; Jenkins 2005; Lee 1997). Consequently, a large part of the value created in international supply chains remains in industrialized countries, while less developed countries' resources are transformed into goods and services that are consumed elsewhere (Lim and Phillips 2008).

The current notion of "sustainable development", as it evolved from the global debate beginning in the 1980s, is principally an anthropocentric one. It is based on the idea of using resources in a way that allows meeting human needs not only of the present but also of the future generations (WCED 1987). The allocation of benefits and damages created in our global economy does thereby often not comply with sustainable development's principle of "intra-generational equity". Nor does it meet the idea of "intergenerational equity", as the societal, ecological and economic damages caused may go along with long-term impacts, affecting not only the present, but also future generations. Therefore, international supply chains can be seen as a kind of "focal point" in the discussion on sustainable development (Fischer et al. 2009). In the light of the above described problems, there is an increasing consensus on the idea that multinational enterprises bear an "extended responsibility" (Jenkins 2001, p. 29), for the economic, social and environmental impacts not only of their own activities – but also of their (legally independent) business partners in the countries they are interlinked with via international supply chains. This is particular applied in countries, where local law is scant or even not enforced (Heeks and Duncombe 2003). Against this background, the chapter determines how enterprises in international supply chains may fulfill their responsibility to contribute to a sustainable development, and which role Sustainable HRM may play in this context. In order to tackle this question, the understanding of power relations within international supply chains is of crucial importance. For this reason, the concept of governance in international supply chains will be outlined in the following paragraphs.

In global supply chains, the term "governance" describes the "inter-firm relationships and institutional mechanisms through which coordination and control of activities in the chain is achieved" (Humphrey and Schmitz 2002, p. 1021). In this context, MNEs often hold the status of so-called "lead firms", as they are capable of exerting a strong influence on the activities of other actors involved in the chain. Lead firms source their power from key resources such as the ability to develop new markets or to sustain their competitive advantages (Altenburg 2005). However, supply chains may show wide differences in terms of how by whom governance is exercised in what extend (Gereffi and colleagues 2001). According to Humphrey and Schmitz (2001), the key parameters for coordinating supply chains comprise the questions of *what* is to be produced (product standards), *how* it is to be produced (process standards) and logistic parameters such as *how much* is to be produced by *when*. Even though usually determined in the market, *price* could be added as a fifth parameter, as there are cases when major customers require their suppliers to meet a particular target price. Specifying and enforcing process parameters along the supply chain is costly, requiring financial and personal investment and time. However, setting standards in supply chains assures interactions between actors along the chain to be coordinated instead of being random (Kaplinsky and Morris 2001). Therefore, despite the costs, this is an important measure to avoid the risk of potential financial and/ or reputational losses arising from a supplier's (perceived) failure to meet commitments (Humphrey and Schmitz 2002).

In trying to make governance in international supply chains more comprehensible, Kaplinsky and Morris (2001) draw on the separation of powers as known from civil society: According to that, *"legislative governance"* refers to the definition of operating rules such as product parameters (e.g. quality or price) and process parameters (e.g. delivery reliability, but also social and environmental standards) which have to be kept in order to participate in the chain. *"Judicial governance"* goes along with auditing performance and checking compliance with these parameters. The practices with regard to non-compliance range from the immediate cutting of contracts to long term measures of corrective actions in non-compliance issues (Welford and Frost 2006). However, as Kaplinsky and Morris (2001) highlight, besides negative sanctions there should be also positive sanctions rewarding conformance with given standards and parameters, e.g. by offering a supplier higher buying prices or awarding the status of a preferred supplier. Finally, *"executive governance"* provides assistance to supply chain participants in meeting given parameters and standards. Executive governance may be executed directly by the lead firm (e.g. helping a supplier achieve quality standards) or indirect (forcing a first-tier supplier to assist a second-tier supplier, or introducing a supplier to a service sector firm which can assist it in meeting the standards which are required). These governance roles may be provided by enterprises in the chain or by parties external to the chain, like e.g. government agencies or societal actors.

1.1 The Evolving Debate on Enterprises' 'Extended Responsibility'

The discourse on (multinational) enterprises' role and responsibility in society and the potential regulation of their activities is not a recent phenomenon but rather an issue of a longstanding controversial and often ideologically tainted debate. In order to discuss potential action fields of Sustainable Human Resources Management (Sustainable HRM) in international supply chains, it is necessary to glance at the debate's evolvement over the years. Depending on the prevalent political and societal conditions and actors involved, the discussion ebbed and flowed with shifting assignments of responsibilities and thematic priorities. Nevertheless, despite the discourse's dynamics, there remained one constant ever since: The collision of actors' interests going hand in hand with the question of whether emphasis should be laid on regulating MNEs or on protecting their interests and freedom of action (Jenkins 2005).

The 1960s and 1970s for the first time witnessed regulation of MNEs' activities becoming an international issue. At this time, MNEs from industrialized countries penetrated overseas markets mainly by applying a "multi-domestic strategy": Establishing locally owned subsidiaries allowed them to overcome import barriers, direct access to foreign markets and local know-how (Herkenrath 2003). With MNEs' increasing economic, but also political influence,[1] in particular small and poor developing states feared losing their state sovereignty and therefore called for international standards to regulate MNEs' behavior (Jenkins 2005; Heeks and Duncombe 2003). As a consequence, in 1974, the United Nations Commission on Transnational Corporations (UNCTC) was established in order to develop a code of conduct for MNEs that would address issues such as national sovereignty, human rights, transfer prices and disclosure requirements for relevant information. Two years later, in 1976, the Organisation for Economic Co-operation and Development

[1] The International Telephone and Telegraph Corporation (ITT) scandal in Chile is often referred to as a starting point of the debate. In the early 1970s, it was revealed that the US company had been involved in attempts to overthrow the democratically elected Popular Unity government led by Salvador Allende, which led to rising attention on the activities of MNEs in developing countries (Fuchs 2005 and Jenkins 2001).

(OECD) followed by adopting its Declaration on International Investment and Multinational Enterprises. The declaration comprised the Guidelines for Multinational Enterprises, a set of recommendations on responsible business conduct. Due to the voluntary character of the OECD guidelines and the lack of enforcement mechanisms, critics did not perceive them as a genuine attempt to control MNEs but rather as deflection of criticism and the clear statement that they were not willing to accept excessive controls imposed on MNE activity (Jenkins 2001).

With the emerging neoliberal political course in USA und UK, the 1980s witnessed a certain conservative setback. In the view of growing national debts, developing countries' governments softened their demands considerably by shifting their emphasis toward attracting, rather than regulating MNEs and foreign investment (Herkenrath 2003; Jenkins 2001). The establishment of so-called export processing zones (EPZs)[2] in southern countries led to MNEs complementing or even replacing their formerly multi-domestic strategy by a strategy of "integrated international production". Instead of establishing subsidiaries abroad, MNEs particularly from the consumer goods sectors increasingly outsourced know-how poor and work-intensive phases of value creation to a complicated network of independent contractors, agents, vendors, suppliers and subcontractors in the developing world (Barrientos and Smith 2007; Gereffi and colleagues 2005; Mamic 2004). In turn, these MNEs focused on high value creating and know-how intensive phases (Gereffi and colleagues 2005; Mamic 2004), such as research and development, product design, branding and marketing activities. As entry barriers for potential competitors to these phases are quite high, they allowed MNEs to achieve the highest profit margins (Gereffi and colleagues 2001).

In the eyes of critics, this development led to MNEs searching for most favorable production conditions, forcing developing countries to engage in a "race to the bottom" by providing fiscal incentives and continuously relaxed labor and environmental protection laws both inside and outside EPZs (Jenkins 2005; Dicken 2003). It was not until the early 1990s that efforts in regards to MNEs' regulation were revived. However, different from the 1960s and 1970s, the impetus was not given by developing countries' governments, but rather by civil society actors from industrialized countries (Jenkins 2005). In the view of the previous, unsuccessful attempts to effectively regulate MNEs' activities on a supra-national level, interest groups such as human rights and environmental organizations, international trade unions and development cooperation organizations began to directly address MNEs, in particular companies with well-known brands or an image to protect. The MNEs' ability to control their supply chains as well as the vulnerability of their reputation and brands provided governmental and non-governmental actors with a

[2] According to the International Labor Organization (ILO) EPZs can be defined as "industrial zones with special incentives set up to attract foreign investors, in which imported materials undergo some degree of processing before being re-exported", with incentives comprising e.g. taxation, customs' duties or labor laws. While initially focusing on assembly and simple processing activities, over the years EPZs have evolved to include high tech and science parks, finance zones, logistics centers and even tourist resorts.

crucial leverage point for influencing activities in developing countries (Zadek 2004; Humphrey and Schmitz 2002). By uncovering and publishing scandals, such as cases of child labor or "sweatshop-like" working conditions these interest groups pushed MNEs to take responsibility not only for their own actions, but also for their subsidiaries' and business partners' labor and environmental practices (Lim and Phillips 2008; Heeks and Duncombe 2003). While initially disclaiming any responsibility for their suppliers' actions, with growing public pressure MNEs finally gave in: At the end of the twenty-first century there could be witnessed an extensive wave of company codes of conduct and self-declarations on responsible behavior in international supply chains (Locke et al. 2007). By that means, MNEs, especially well known companies from industrialized countries, had taken over the lead in regards to regulating their very own behavior (Kolk and van Tulder 2006; Zadek 2004).

1.2 The Rise of Codes of Conduct

Generally speaking codes of conduct can be defined as self-regulatory instruments containing a set of rules developed by a company to guide present and future behavior on specific issues (Kaptein and Schwartz 2008). Therefore, codes of conduct can be considered instruments of executive governance in international supply chains. As so-called "soft law" codes of conduct are seen as "a corporate attempt to fill in some of the international institutional voids, by introducing informal institutions" (Kolk and van Tulder 2006, p. 148). Béthoux et al. (2007) see codes as "a heuristic tool through which companies enter into a discourse about themselves" (p. 78). Therefore, despite of their often common roots, codes can considerably differ from one another in terms of geographical, industry or stakeholder coverage, but also in regards to prioritization of issues, applicability and credibility (Amaeshi et al. 2008; Beschorner and Müller 2007; Béthoux et al. 2007). Besides an enterprise's culture and ethical perceptions, complexity and scope of a code do highly depend on public pressure that is exerted on the enterprise and on how intensely stakeholders are actually involved in code development (Mamic 2004; Pearson and Seyfang 2001). Facing, or at least fearing, governmental regulation, consumer boycotts or NGOs' publicity campaigns, the ability to provide reliable information about production processes for many (multinational) enterprises became a core element of competition (Altenburg 2005). This particularly holds true for firms engaged in non-price competition in environmental resource-intensive or labor-intensive, highly globalized consumer good sectors (Altenburg 2005; Nadvi and Wältring 2002; Humphrey and Schmitz 2002). In order "to give voluntary codes some teeth" (Braun and Gearhart 2004, p. 186) procedures and policies were therefore established to monitor codes' implementation. Until today, the implementation and monitoring of codes of conduct are perceived "required currency among international buyers and export producers" (Braun and Gearhart 2004, p. 185) and the principal way of how sustainability issues in global supply chain factories are addressed.

Formulating and implementing a code is a kind of iterative bargaining process between MNEs and their stakeholders. Different actors in varying constellations and alliances may be involved in this somehow never-ending process, where codes are drawn, assessed and redrawn, according to their (perceived) effectiveness and impacts on particular stakeholders (Barrientos and Smith 2007; Kolk and van Tulder 2006). In this way, a real cascade of codes emerged over the years,[3] leading to increasingly sophisticated codes and monitoring systems and the development of a downright "monitoring-and-certifications"-industry (Altenburg 2005). This evolution of codes reflects a learning curve, which companies often seem to go through over the time: As a first reaction to often unexpected external attacks, companies tend to react promptly by rejecting allegations or denying any responsibility for the issue raised. With growing external pressure and corporate image still at risk, the company finally complies by taking visible measures in order to address the issue. This usually takes place in form of establishing a policy such as a code of conduct. It is not before the next learning stages, that companies begin to understand that corporate responsibility is more than just a compliance-based add-on. Therefore, achieving long-term economic value requires not only to integrate specific issues into core management processes and business strategies, but also to promote industry-wide collective action (van Tulder et al. 2009; Clean Clothes Campaign 2005; Zadek 2004; Mark-Ungericht 1999).

With companies being increasingly expected to behave as "agents of sustainable development" (Jabbour and Santos 2008b, p. 2135) the question arises of how this request can successfully be put into practice and what role human resources management (HRM) could perform in this process (see also chapter "Sustainability and HRM" in this book). As discussed earlier, to this day, implementing and monitoring codes of conduct is the principal way of how sustainability issues in global supply chains are addressed. Therefore, in order to discuss the role of Sustainable HRM in international supply chains, it seems to be convenient not only to reflect upon the tasks of HRM in the context of sustainable development, but also the experiences and lessons learned over the more than two decades of corporate self-regulation on sustainability issues. As MNEs are held responsible not only for their own actions, but also for the practices of their – often legally independent – business partners in international supply chains, for this purpose, it is necessary not only to focus on Sustainable HRM on the MNE level but also its implications for and interactions with the suppliers' level.

[3] For further details on these different kinds of "generations" of codes, please see Nadvi and Wältring (2002).

2 Sustainable HRM in MNEs

The effective integration of sustainability into an organization's facilities, processes, products and services is likely to come along with significant challenges, like the modification or even the complete redesign of an organization's practices (Siebenhüner et al. 2007). Therefore, regardless of whether a company defines sustainability principles as a result of external pressure or personal convictions, formal changes in corporate structure and culture will be necessary. In this context, scholars see HRM to play a pivotal role: As "the keeper of the culture" (Liebowitz 2010, p. 51). HRM in organizations does not only have the knowledge but also the competencies to foster change in employees' and managers' attitudes and behavior in order to reinforce a strong, values-driven organizational culture and to translate the organization's mission, vision and values into action (e.g. Liebowitz 2010; Harmon et al. 2010; Garavan et al. 2011; Haugh and Talwar 2010; Vickers 2005). However, although values, norms and objectives may be defined on an organizational level, the actual learning processes and activities have to take place on an individual level (Pfeiffer and Walther 2003).

2.1 Linking Sustainable HRM to Strategy

Generally speaking, a strategic view on HRM includes a set of activities developed by HRM in order to effectively manage people and to contribute to the organization's effectiveness and goals (Greenwood 2002). Consequently, when organizational effectiveness and goals comprise economic, social and environmental criteria, Sustainable HRM's tasks are generally speaking twofold: On the one hand, it has to provide human resource strategies based on a systemic and long-term approach, in order to stimulate and support an organization's sustainability strategy (Ehnert 2009; Jabbour and Santos 2008b; Boudreau and Ramstad 2005). On the other hand, it has to contribute to the organization's survival by attracting, retaining and developing employees in order to preserve a quality human resources base (Ehnert 2009; Boudreau and Ramstad 2005). In this context, employers need to consider that "for organisations to have a good reputation socially, they must be consistent in how they manage their employees as well as their external stakeholders" (Garavan and McGuire 2010, p. 500). Therefore, according to Greenwood (2002), HRM needs to show respect, transparency and honesty towards the employees and their physical and psychological wellbeing and health. The practices available to Sustainable HRM for achieving the goals described are manifold, ranging from those that focus primarily on the individual level to those that focus on the organizational level (Garavan et al. 2011).

2.2 Potential Sustainable HRM Practices

Internal *employee recruitment*, combined with succession planning systems and the development of career plans can be considered to be important measurements in order to preserve a company's human resources base. These instruments should be combined with accurately timed training and development of current employees in order to prepare them for present and future assignments. For instance, before being promoted into management, candidates should be assessed on or be urged to develop behavioral and technical competencies relevant to establish or maintain a sustainability-oriented organizational culture (Liebowitz 2010).

When recruiting externally, companies may explicitly showcase their sustainability programs and policies at job fairs or e.g. universities offering programs related to sustainability-relevant fields (Liebowitz 2010). *Employee selection* procedures should be non-discriminating (Greenwood 2002) and carefully screen the applicants in regards to their technical and social skills and their commitment to the organization's values, including sustainability issues (Liebowitz 2010; Salam 2009; Jabbour and Santos 2008a; Vickers 2005), e.g. by developing behavioral interview questions in order to assess the applicant's values and soft skills (Liebowitz 2010). Once being admitted to the organization, *new employees should be oriented* by providing them with information on the organization's core values and related policies, activities and programs, in order to raise awareness and to promote the benefits of working within a values-based organization (Liebowitz 2010).

Given the broadness of the construct of sustainability, the capacity and commitment to continuous learning and improvement becomes fundamental to organizational and employee development (Haugh and Talwar 2010). In order to stay up to date with this dynamic development, organizations have to observe their entire environment – including the own employees' expectations (Gond et al. 2011) – by spotting potential problem fields or conflicts of interest and to preferably proactively address them (Vickers 2005). Therefore, in the field of *employee training and development*, Sustainable HRM has to stimulate continuous education and learning by elaborating long-term human resources development strategies and company knowledge and information systems which allow employees and organization to acquire knowledge, skills, and competencies in alignment with the organization's (sustainability) strategies and goals (Garavan and McGuire 2010; Liebowitz 2010; Haugh and Talwar 2010; Jabbour and Santos 2008a). Besides theoretical components, employee training and development should also include technical and action learning opportunities (Haugh and Talwar 2010). Additionally, providing employees with the opportunity to work with sustainability initiatives or to participate in volunteer projects may enhance their knowledge and soft skills, as well as their commitment to their employer (Haugh and Talwar 2010; Garavan and McGuire 2010). Finally, mentoring programs do not only allow to pass on valuable knowledge from outgoing employees to incoming individuals (Liebowitz 2010), but also offer the opportunity to discuss and learn from real-life examples on how ethical dilemmas were handled in the past (Vickers 2005). As Haugh and Talwar (2010) insist, learning about sustainability is a company-wide necessity, and should therefore not be restricted to the management level. However, in order to motivate and engage their employees, management should make a proactive effort by providing both, a model sustainability-oriented behavior and the communication of sustainability values and goals to their employees (Liebowitz 2010 and Vickers 2005).

As soon as sustainability values and goals are part of an organizational strategy, it is necessary to develop incentive and appraisal systems that are aligned to the organization's sustainability strategy and contribute to the achievement of an organization's (sustainability) goals. However, traditionally, organizational and individual performance is measured in terms of financial metrics, instead of additionally considering social and environmental criteria (Haugh and Talwar 2010). Therefore, in regards to *performance management and compensation*, Sustainable HRM should create collective and individual performance appraisal and remunerated and non-remunerated reward systems that take sustainability factors such as socially and environmentally responsible behavior, or the development of ecofriendly products and services into account (Liebowitz 2010; Garavan and McGuire 2010; Haugh and Talwar 2010; Jabbour and Santos 2008a). In order to effectively contribute to the creation of a sustainability-oriented organizational culture, these systems should be equitable and just (Greenwood 2002) as well as transparently explained to the employees (Liebowitz 2010; Haugh and Talwar 2010; Jabbour and Santos 2008a). Additionally, the implementation of goal setting (Liebowitz 2010; Garavan and McGuire 2010) as well as creating a participative work environment, allowing employees to provide the management level with their ideas and concerns (Garavan and McGuire 2010; Liebowitz 2010), may support organizational learning processes, the generation of innovations and the development of a committed and motivated workforce.

In sum, dealing with issues around managing people as well as learning and communication within an organization, HRM can provide a number of interventions in order to support the effective implementation of sustainability principles into organizational policies, practices and outcomes. However, with sustainability cutting across all business functions from production, distribution, marketing and sales, finance and management control, learning-oriented cross-functional and collaborative approaches, considering internal and external stakeholders will be required in order to raise awareness and to create a sustainability-oriented organizational culture (Haugh and Talwar 2010; Liebowitz 2010; Ashenbaum et al. 2009; Greenwood 2002). In order to have the greatest possible impact, Sustainable HRM has to be carried out in close cooperation and alignment with other functional areas within an organization. Furthermore, scholars insist that creating a sustainability-oriented organizational culture requires more than randomly changing some HRM systems. Consequently, analogical to sustainability strategies, Sustainable HRM systems will have to be aligned with each other in order to increase the likelihood of their contribution to an organization's (sustainability) goals (Liebowitz 2010).

3 Linking MNEs' Extended Responsibility with Sustainable HRM

Having discussed HRM's possible contributions to a sustainability-oriented business culture, the question arises how Sustainable HRM can be put into practice in global supply chains, say not only within the MNEs, but also their legally independent suppliers for which they are held responsible. According to Lim and Phillips (2008), sustainability-oriented governance in global supply chains should be structured "to turn contractors' CSR into habit and birth a self-enforcing ethical commitment to improved labor, environmental, and community welfare standards" (p. 153). However, as Rangarajan and colleagues (2008) state, "fifteen years of hard work and good intentions... hasn't accomplished its mission" (p. 3). Subsequently, the most important reasons for this, the lessons learned as well as their implications for Sustainable HRM will be highlighted. This section additionally draws on sequences of expert interviews and group discussions which were conducted in the context of a research project on governance for sustainability in international value creation chains.[4] Critical factors of success for sustainability implementation are discussed.

3.1 Top-management Commitment and Strategic Alignment

Top-management commitment – at MNE level and supplier level alike – is one of the most critical factors of putting sustainability principles into practice (Cramer 2008; Park and Lennon 2006; Mamic 2004). In the course of an expert interview, this aspect was also emphasized by a Chinese NGO-representative:

> The management needs enthusiasm. They need to buy the idea. And they need to be in a position where they can make decisions. Those people need to take the idea into the company and sell it back to their colleagues and workers.

Besides management's personal convictions and values, the perception of the business case in applying sustainability practices is a decisive determinant of how seriously this challenge will be tackled by an organization (Mamic 2004). As discussed earlier, organizations can often be observed to go through a learning curve concerning their perception and their handling of problem fields and sustainability issues. The strategies on the way to more sustainable business practices range from initial negation of problem fields to – in the ideal case – the establishment of a proactive, learning-oriented culture of external and internal dialogue. Being confronted with often unexpected (external) criticism and requirements, organizations initially tend to give top priority to the protection of

[4] For further details on the research project "NAWAGO" please see the acknowledgements.

their reputation, instead of really dealing with the issues raised. In this case, the organization's business case principally consists in preventing or mitigating reputational losses and further damages of its image (Mamic 2004; Welford and Frost 2006). Therefore, at an early stage in this learning process, besides denying practices or responsibilities, adopting a policy-based compliance approach will be one of the most common reactions of an organization to (external) expectations and critics. However, as Nijhof et al. (2003) state, "a code of conduct is an instrument for responsibilisation within the organisation, but it is in itself not sufficient to shape a responsible organisation" (p. 67). Consequently, self-declarations like codes of conduct or mission statements have little organizational impact if they are eroded by prevailing business practices and leadership actions. This lack of what Sisco and Wong (2008) refer to as *"internal alignment"* (p. 5), that is the integration of sustainability values, indicators and objectives into all corporate structures, processes and therefore corporate day-to-day-business (Harmon et al. 2010; Ehnert 2009; Vickers 2005), proves to be one of the crucial causes for the limited effect of codes of conduct (Yu 2008; Egels-Zandén 2007). This holds good not only for the "vertical alignment" across all hierarchical levels from top management to operative workforce, but also for the "horizontal alignment", across all corporate functions of operation (Sisco and Wong 2008). This aspect was also highlighted in an expert interview with the representative of an international sustainability consulting firm:

> Corporate responsibility should be closely linked with your core business. If you are producing garments and you are only supporting the local football club or giving charity to a kindergarten, this is not affecting you internally and the way you are doing business. In my understanding, corporate responsibility should not start with your business partners. It should start in-house with a policy change in your own enterprise and then go out to your business partners.

Disjointed policies and incentive schemes risk the danger of what Vickers (2005) refers to as "ethical cynicism", say the employee's conviction that "resisting bad behavior is at best useless and at worst dangerous" (p. 27). Therefore, the poor alignment of stated sustainability values and principles with daily business processes, goals and decisions may lead to confusion and contradictory requirements – not only on the individual and organizational level of the MNE, but also on the level of its suppliers (Haugh and Talwar 2010; Yu 2008). This issue may be well illustrated taking the example of MNEs' sourcing practices, as they were described by a representative of an international sustainability consulting firm:

> Almost all buyers want to claim they are very sincere in ensuring CSR while they source. In reality, their sourcing practice rather proves them contradictory. If they had been that strong in giving CSR most importance at the time of sourcing, the suppliers would not have been so reluctant to improve compliance status in their factories. It is just lip service by the factory as well as some of the buyers to improve compliance status. CSR requires being included in sourcing practice very religiously.

3.2 Coping Effectively with Contradictory Requirements

Torn between "double standards" – the MNEs' sustainability demands on the one hand, and their requirements e.g. in regard to costs, delivery time and flexibility on the other hand – suppliers preferably focus on fulfilling those demands that are expected to bring the greatest and most immediate rewards (Rangarajan et al. 2008). In the end, suppliers are likely to forward the pressure to the only margin remaining: Their workers. As these workers typically have only little power to resist, low wages, precarious employment, excessive working hours and the like are the consequence (Raworth and Kidder 2009). This aspect was also highlighted in an interview with a Chinese NGO representative:

> What has happened so far is that all the external pressure has been brought to the supplying factories. And the factories, they do not know how to handle that. So if you keep pushing them too much, they make a rational business decision which is to bribe, lie and cheat. I'm not saying it is the right or ethical decision but it is common practice.

If a higher social and environmental performance does not prove to be a real competitive advantage, suppliers are likely to develop strategies "to decouple the formally monitored part of their organisations from the actual operational part of their organisations" (Egels-Zandén 2007, p. 53). Cheating strategies like faking books and documents or bribing auditors and employees (Egels-Zandén 2007; Welford and Frost 2006) may additionally be promoted by an environment of corruption and weak implementation of governmental regulation (Raworth and Kidder 2009). As Egels-Zandén (2007) concludes, it therefore can be stated that

> in explaining the lack of compliance, understanding the economic incentive structures is important, since supplier management, employees, and even, in part, retailers all have economic incentives to uphold the decoupling of the monitored part of the organisation from the actual operational part (p. 57)

If suppliers perceive fulfilling social and ecological standards as real competitive advantage, e.g. because of improved access to new markets, more stable and/or lucrative orders or higher productivity and efficiency (Tencati et al. 2008; Schmidheiny 2006), they will be more likely to genuinely tackle them. However, as Raworth & Kidder (2009) state, on the MNE side "most buyers must respond to an incentive structure in which their week-on-week performance is assessed in terms of market share, total sales, and profit margins" (p. 171). In turn, this may lead to buyers focusing predominantly on prices, instead of compliance with social and ecological standards, when placing their orders (Egels-Zandén 2007). As discussed earlier, Sustainable HRM can make a significant contribution to backing a company's sustainability goals, by creating aligned *performance management and compensation systems,* that take sustainability factors into account. This will help to prevent contradictory or mixed messages on the MNE as well as the supplier level, and therefore facilitate the establishment of a more authentic sustainability-oriented business culture.

3.3 *Making the Link to the Supplier's Business Case*

Achieving long term and profound improvements in supply chains is not only a question of financial resources, but also highly depends on the *availability of know-how and experience* on how to put social and ecological standards into practice (Rangarajan et al. 2008). While many big suppliers in developing countries show working and production conditions comparable to those in industrialized countries (Appelbaum 2008), it is particularly small and medium enterprises in work-intensive and know-how poor production fields, which show inefficient business processes and lacking know-how (Welford and Frost 2006). However, as Raworth and Kidder (2009) state, while MNEs are willing to significantly invest in the capacity of their own managers, they often neglect the investment in the tools and skills their suppliers need in order to fulfill their standards and demands. This issue was also raised during an interview with the representative of a Chinese NGO:

> The managers of these factories are not dumb: They ran profitable factories for many years. But they have never been exposed to different ways of running a factory. They often don't know how to manage by figures, objectives and goals, e.g. related to quality, customer's satisfaction and efficiency. They are running the factory in the same way that their father started 30 years ago when it was 5 workers and now it is 5,000 workers and it's still totally running in the same way. So they are stuck with the traditional way of manufacturing. And nobody was brought in to show them another way, new input and ideas.

As shown by Locke et al. (2007) in a case study on Mexican suppliers in the sports shoe industry, optimizing work organization and production processes may not only lead to increased efficiency and product quality, but also to the protection and retention of human resources due to higher salaries and a reduction of working hours. In interviews, representatives of Chinese suppliers in the apparel and shoe industry depicted similar effects. According to this, the re-organization of their production lines allowed them better production planning, optimized communication channels and therefore more efficient production processes. As a positive "side effect", it was also the workers benefitting from these measurements:

> If the efficiency of our factory goes up, we don't have to let our workers do overtime up to midnight, in order to finish our orders on time. Instead of doing excessive overtime, the workers may take a rest then. We can pay them higher salaries. And we don't have to show fake figures to our clients anymore. We meet the client's requirements this way, by optimizing the work flow within our factory.

Examples like these show the way of how to link social and ecological requirements with a factory's business case. These measurements may be additionally supported by societal developments like the increasing bargaining power of workers in supplying countries such as Cambodia, Indonesia, China and Vietnam. Here, the growing number of big supplying factories provides a sensitive target for labor unrests and conflicts. In turn, this increasingly forces the factory management to genuinely consider the rights and interests of their employees, in order to de-escalate potential tensions (Appelbaum 2008; Welford and Frost 2006). Particularly in the case of Chinese factories, there is an increasing lack of skilled labor, which may provide a further incentive for the factory management to reconsider the conditions under which their workforce is employed (Appelbaum 2008). In an interview, this situation was also described by a Chinese business consultant:

> The labors are coming and leaving, coming and leaving too frequently. We have been in factories where every month 7–9 % of the employees leave without informing the management on top of formal retirements. The result is that factories are permanently lacking workers. This is very difficult for the factory owners.

As this instability forces the factories to significantly invest in recruiting and training new employees (Welford and Frost 2006), providing employees with attractive working conditions becomes an increasingly important competitive factor on the local labor markets (Tencati et al. 2008; Lim and Phillips 2008; Welford and Frost 2006). In an interview, this aspect was also raised by the manager of a Chinese supplying factory for winter sports garments:

> I think our workers are quite satisfied: We have free lunch and lodging and we implemented complaints procedures for the workers. Beside we have annual attendance bonuses, so if they stay for the whole year and come back after the Chinese New Year holidays, we will pay them 60 % of their travel fares. So, most of our workers don't leave us to work somewhere else. And we need them to stay and come back, especially for the high season.

3.4 Providing Auditing Support and Mutual Knowledge Exchange

In order to create supply chains, where the idea of sustainable development is genuinely implemented, knowledge has to be exchanged in order to create and sustain organizational learning (Becker et al. 2010). Therefore, as stated by a representative of a Chinese NGO, the initiation and support of these learning and improvement processes on the supplier level should be the primary goal of sustainability-oriented governance in global supply chains:

> This conversation about compliance with social and ecological standards is the crazy model of pushing the pressure from North to South. However, we need to short-circuit that conversation by working with the factories for improvements for themselves. First, this has to be financial improvement, but what they learn in the financial improvement is that productivity increases are depending on things like employees' health and safety, communication and grievance mechanisms, reducing turnover, good HRM practices and so on.

Against this background, according to Locke and Romis (2007) MNEs' role and responsibility should not be limited to legislative and judicative governance, such as the formulation and monitoring of codes of conduct. Instead, they should rather also focus on their executive governance functions, becoming promoters for fundamental changes in work organization and organizational development by giving technical assistance and transferring know-how to their suppliers. In this context, Kortelainen (2008) considers audits on the supplier level as "one of the key enablers for continuous improvements of a management system" (p. 433). As mentioned earlier, audits are usually applied in order to monitor the compliance with codes of conduct. Audits can be carried out either “internally”, by representatives of the respective MNE and/or its supplier, or “externally” by commercial and non-profit organizations. Usually, these audits comprise document analysis, site inspections and interviews with the management and/or employees (Clean Clothes Campaign 2005). As long as these audits are perceived as component of a mutual and continuous learning and improvement process by both, MNEs and their suppliers, they may provide a platform for mutual learning and common improvement processes. However, quality and reliability of audits is greatly dependent on the auditors’ competences and their ability not only to capture and interpret specific situations, but also to provide motivation for changes and improvement (Welford and Frost 2006; Frenkel and Scott 2002). Therefore, auditor training and selection should be carried out very carefully, which opens another field of action for Sustainable HRM.

In order to reflect on “how prices, product quality, production standards and ethical values can be realistically achieved without violating their suppliers’ – and their own – Corporate Ownership” (Roloff and Aßländer 2010, p. 532), MNEs should seek regular communication and information exchange with their suppliers (Roloff and Aßländer 2010; Salam 2009; Lim and Phillips 2008). As Weikert (2011) states, in this context “not so much the policy itself, but rather the way the policy is being conveyed, makes an agreement more or less likely” (p. 236). In an interview, this attitude was also shared by a Chinese business consultant:

> The efforts have to be about changing the mindset of the management. And you don’t change the management mindset by going along and telling them that they are immoral and unethical and that there is a more moral or ethical way to run a factory because they are just not going to listen. The most important thing is to do everything with respect. We don’t tell the factories what to do. We work with them on what could be done. We focus on the progress, the way to the improvement. The factories need to be proactive with the change. They are not pushed by us. That’s the theory. In practice, of course it is not that easy.

4 Summary and Implications

In the light of the ongoing debate on the necessity of a sustainable development, organizations are requested to reconsider their societal and environmental impact and role in a globalized world. This particularly holds true for MNEs which are linked with business partners from different countries or even continents via international supply chains. Still, implementing and monitoring codes of conduct is the most prevalent measure MNEs apply in order to cope with their expanded responsibility. Against this background, the role and possible contributions of Sustainable HRM to a sustainability-oriented supply chain were discussed in this chapter.

As this chapter has shown, the formulation and implementation of sustainable business strategies requires the involvement of diverse organizational functions (Jabbour and Santos 2008b). Among them, HRM is considered as the organizational function that presents the greatest potential for the creation of structures and opportunities for technical, action, and social learning thus has the potential to transform individual learning about sustainability into organizational learning (Haugh and Talwar 2010). Or, as recommended by Gond and colleagues (2011) "HR practices appear as a strategic piece of the responsible leadership puzzle and their central role has to be acknowledged for sustaining corporate orientation toward a 'triple bottom line'" (p. 129). Despite of that, links between an organization's sustainability strategy and the contribution of HRM to sustainable business practices have been overlooked in the past years (Inyang et al. 2011; Harmon et al. 2010). Consequently, future research and practice will have to pay more attention to this field. In doing so, particularly the following aspects should be taken into account:

As primary stakeholders, employees form organizational culture and are vital contributors to profits. Therefore, according to Young and Thyil (2009) and Park and Lennon (2006), they are critical to long-term sustainable operations. However, research on governance in global supply chains commonly considers the company level to be the smallest unit of analysis. As Raworth and Kidder (2009) and Locke et al. (2007) state, the choice of this perspective is definitely reasonable. Nevertheless, according to their opinion, this perspective neglects not only the role of employees in governance processes, but also impacts the very governance processes may have on individuals. Future research and analysis should therefore be taken one step further, considering not only the organizational, but also the *individual level in governance processes* along global supply chains (Hobelsberger 2012; Raworth and Kidder 2009; Yu 2009). This angle will facilitate the identification of measurements of Sustainable HRM in international supply chains.

Due to their historical evolution and development described above, codes of conduct can be perceived as "Northern-led phenomenon" (Heeks and Duncombe 2003, p. 25). Despite the fact, that *actors from developing and industrializing countries* are significantly affected by initiatives of sustainability-oriented private governance, in the past, the role of these actors has often been neglected not only in practice, but also in research on private governance (Dingwerth 2008; Yu 2009; Jamali and Mirshak 2007). In order to make sustainability-oriented private governance and learning processes in global supply chains more effective, it is time to bring more transparency into this "black box", by paying greater attention to the actions of actors in the "global South" and their interdependencies with actors in industrialized countries. Finally, it should be taken into account that particularly *"Asian Drivers"* such as China and India can be expected to have a significant influence on the so far OECD world-led debate on sustainability-oriented business:

> In consequence, the global business legitimacy governance drifts towards the Asian Drivers' conceptions and beyond its current OECD frame of reference. The future global business legitimacy discussion will be Indian and be Chinese to a much higher degree than most expect today. And today's global crises, perceived by many as a failure of the western institutions of capitalism, catalyse this process (Weikert 2011, p. 4).

The development and impacts of this trend will have to be taken into account in future practice and research on Sustainable HRM in global supply chains.

It can be concluded that, in the future, Sustainable HRM can be expected to become an imperative component in leading and educating organizations on the value of sustainability and how best to strategically implement sustainability policies and programs domestically and abroad (Vickers 2005). Apparently, the issue at hand is extremely complex. Therefore, the contribution of HRM to fostering a sustainability-oriented organizational culture cannot be understood as a "one size fits all" approach. Tailored solutions should be elaborated taking into account different factors like the size of the organization or its sectoral, cultural and institutional context. Furthermore, the historical evolution of HRM within the organization, as well as the skills and competencies of those being in charge of HRM should be considered (Garavan and McGuire 2010; Haugh and Talwar 2010). If sustainability is not yet a central aspect of an organization's core business strategy, and if HRM has not yet a significant influence on this strategy, Sustainable HRM will face dual obstacles and will therefore have little room to maneuver in order to become a driving force behind sustainability (Harmon et al. 2010; Vickers 2005).

It lies in the nature of business that conflicts of interest will never disappear. Therefore, enterprises – in industrially developed countries and recently industrializing countries alike – have to be alert to changes of their environment, in order to proactively address problems whenever possible (Vickers 2005; Zadek 2004). Admittedly, this is quite a challenging and somewhat daunting task, as issues may be very complex and stakeholders' expectations maybe highly volatile. Certainly there will be a point where stakeholders' expectations exceed business' capacities and responsibilities (Zadek 2004). In some cases, depending on industry and product, very long and complex supply chains (Cramer 2008) or the lack of direct contact between MNE and supplier due to intermediate agents (Barrientos and Smith 2007) may prevent MNEs and their suppliers from investing in joint learning and improvement processes. In these cases Sustainable HRM's room to maneuver is obviously very restricted. Nonetheless, in most cases there is still plenty to learn from past experiences with sustainability-oriented corporate self-regulation and therefore lots of room for maneuver for continuous improvements. In this context, conceivable fields of action and research comprise awareness raising for sustainability issues and regulations among the workforce of MNEs and their suppliers alike, or the development of measures in order to recruit, select, compensate and develop employees according to an enterprise's sustainability goals. As could be shown in this chapter, Sustainable HRM can and has to be a crucial component in this learning process.

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The Relevance of the Vision of Sustainability to HRM Practice

Wes Harry

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Abstract This chapter considers the vision of sustainability for HRM and the changes likely to be involved in managing people and organizations in more sustainable ways. We consider the likely impact on organizations and individuals on the background of personal practical experience. The chapter offers critiques of those ways of managing which may harm the long term success or survival of an organization and the environment of which it is a part. At times the chapter engages in conjecture but this cannot be avoided for a topic which has only recently entered

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the realm of management thought. Hence this is a guide to issues rather than a manual on how HRM practitioners must tackle the issues of sustainability and its application within organizations. The chapter is divided into sections considering the role of HRM in developing sustainable organizations. We begin by examining the role of HRM in developing sustainable organizations. Next, we view the change of emphasis in HRM ways of working. Then we consider these within the themes of complexity, planning, resourcing, rewarding, learning and managing performance. The chapter also examines the possibility that others may take advantage of those organizations which aim to manage sustainably. In the concluding thoughts we reflect on the ways that HRM can add real value to organizations and societies in sustainable ways.

1 Introduction

1.1 The Need to Change HRM

The purpose of this chapter is to help HRM practitioners see that by managing sustainably the employers and employees (as well as customers, suppliers and other stakeholders) can benefit from a long term orientation and a concern for the way that resources are used, generated and re-generated. We will examine a range of HRM factors and will also consider the impact of changing circumstances. Globalization and migration of jobs and labor in the established industrialized and post-industrial (generally high-income) countries has gone along with an increasingly short term orientation by organizations, management and individuals. We will discuss the impact of endeavoring to manage in a sustainable way within High Income Countries (HIC) and occasionally the impact on the more recently industrializing (mainly Low or Middle Income- LIC and MIC) countries particularly in Asia. Primarily, we are viewing commercial businesses but we are conscious of the need for public sector or third sector (not for profit) organizations to act in a sustainable manner hence we tend to use the term organization rather than business or company. The adverse consequences, rather than positive aspects, of not managing sustainably are emphasized but these darker views are presented to draw attention to the consequences of not taking action as individuals (whether as employees, customers, suppliers, investors or tax payers) and organizations for the sake of this and future generations.

For the purpose of this chapter we use HRM to be a specialist means of actively managing the people within an organization or in supplier, contractors or subcontractors organizations which are closely linked to the principal organization. We support commentators (such as Cunningham and Hyman 1995) who maintain that all supervisors and managers should have a major element of HRM within their responsibilities. We do, however, recognize that in organizations operating in complex situations and where the legal environment leads to extra concern with human factors there is need for a specialist HRM function. Such a specialist HRM function needs to change ways of working in order to make a substantial contribution to the sustainability of organizations and societies.

We are examining matters which academics, managers and HRM professionals have rarely been able to study in empirical ways. Therefore we raise issues which can form the basis for future case studies and other research. We also suggest ways in which practices could be adjusted or overhauled to make the future more useful and more interesting for the HRM function. The references used in the chapter are deliberately chosen to include many texts outside the normal sources consulted by academics and practitioners in the HRM field. These texts offer deeper understanding of the issues and pressures which impact on organizations aiming to survive and prosper in the long term without depleting the resources of the society and severely damaging the environment. Writers in academic and practice topics have only recently ventured into the field of sustainability and those who do consider sustainability tend to look back to previous ways of working and analyze or describe these ways-for example Eccles et al. (2012). This chapter takes the risk of being willing to enter the minefield of conjecture and prediction.

Very many of those engaged in HRM aspire to be involved in setting strategy and being members of the top team of the organization. Being relevant to strategy requires HRM functions to move from just implementing existing organizational ways of acting. To justify being part of the top management more HRM professionals will require a longer term orientation. In the coming years, this will involve making a clear contribution to the sustainability of the organization, the societies and the environment. There will be a consequent change from the current HRM models which (at least in the USA and UK) are often

- Focused on short term targets,
- Mostly reactive to events,
- Driven by narrow compliance with rules and regulations
- Aimed to be expansionist in terms of growing the function's size and power (see also chapters "Sustainable HRM in the US" and "Sustainable HRM in Europe" in this volume).

Changes which are likely to occur include:

- Rejection of the 'hire and fire' attitude to the management of people – in part a consequence of economic 'boom and bust'
- Reduce the drive for power and privilege of senior HRM staff by focusing on clearly adding value to the long term success of the organization and society through sustainable practices.

There also needs to be a change from imposing policies from the top-down. The more useful approach will be one which encourages the creation of ideas from all parts of the organization along with stakeholders who are not a formal part of the organization (Gratton 2010).

The current beliefs, prevalent in many HRM departments, are that leaders and 'star talent' (a high performing individual) are crucial, that rewarding is carried out through money and that training is a 'cost'. These beliefs are not, in reality, the key factors of success. These, present views are not a sustainable way of managing an organization as they depend on short term factors, which can be damaging in the long term (Lanchester 2010), for example, by depleting resources needed in the future (Kaplan 2008). A further example of short term ‘success’ and long term harm was that the problems of banks in the period from 2007, were in part caused by excessive capital being taken out of reserves to overpay bonuses so weakening the banks’ financial reserves (Crotty 2009).

In the future, many more HRM professionals will have recognised, and put into action, what organizations that are successful over the long term already know (Collins and Porras 2004). Among the success factors are that team-working is at least as important as leaders, that all people have some talent not just the apparent high performers, that reward is not a simple issue of paying cash and that investing in the development of people strengthens organizations. It is in the focus upon long term viability that the sustainability of practice is important to HRM. Hence this chapter of the book contemplates sustainability in relation to the long term continuation of the organization considering also its societal and natural environments. This long term focus goes beyond the specific business focus and power building of Strategic HRM and operational impact so contributing to organizational success including dealing with the complexity and changing ways of working which become necessary.

1.2 The Vision of Sustainability

As Collins and Porras (2004) point out it is a ‘vision’ which creates and maintains highly successful companies. The chapter discusses the ‘vision of sustainability’ for HRM that is what could happen in practice when the ‘vision’ is developed into action. This chapter seeks to visualize potential situations in a similar way to scenario planning (van der Heijden 2005). If properly visualized then plans can be made and practical solutions developed before the expected situation, or a crisis, arises. If there is not an understanding of the pressures which will occur and impact on practices then it will be difficult to develop suitable practices within HRM. Maybe the legislative environment in many HICs, and the entrenched views of senior management and influential stakeholders, will make innovation difficult. It will be an important role of HRM to educate all levels, and functions, of management, as well as the workforce, on the relevance and importance of sustainability. An unwillingness to take ‘risks’ through innovating and developing ways which favor other stakeholders rather than just shareholders has partly been caused by the legislative and regulation imposed by the laws applying to business undertakings.

It is not unknown for lawyers and short term profit oriented managers to claim that the articles of association, which are the basis of incorporation, only enable the immediate self-interest of a company to maximize the reward for shareholders. To undertake an action ‘for the future of the planet’ or ‘for the good of humanity’ could result in legal, or other disciplinary, sanction unless ‘to further wider good’ is the objective of the organization – but few organizations have integrated this mission as their reason for existing. This is misleading as maximizing reward (even for the shareholders) in the short term can lead to the loss of all capital and harm to the shareholders much, much greater than the immediate profit. Many of us, including shareholders, certainly have seen consequences of such activities in many US and European banks in recent years. The benefits to shareholders lie in the maintenance of organizational performance within a society and environment which continue to exist. This role for HRM in sustainability is not for altruistic purposes. It is for enlightened long term self-interest of the organization and its members. Taxpayers and other stakeholders, increasingly, demand that commercial enterprises (especially owners and senior managers) which gain during good times are not allowed to pass on the consequences of their errors or gambles to junior employees (who lose employment and pension rights) or to wider societies or future generations (Krugman 2011). Tax payers will not keep bailing out failed financial services organizations. Nor will voters continue to pay excessive salaries and pensions for 'public servants' who are more concerned with their own wealth than in the long term health of their employer or those who depend upon their services. The populations of LICs will not sit back and accept their meager lot when they can see on their television screens that others, purely by luck of place of birth, have so much more than they can ever expect to possess.

2 Role of HRM in Developing Sustainable Organizations

2.1 What Does Sustainability Mean for HRM?

For most HRM practitioners dealing with quarterly targets or day to day matters is more important than the long term health of the organization and its members. Issues such as sustainability are pushed well down in the priorities of HRM and top management. For most organizations there has not been much interest in the concepts considered by Brundtland (1987) which we have discussed in chapter "Sustainability and HRM: An Introduction to the Field" and elsewhere in this book. Even 25 years after Brundtland most people in HRM are generally ignorant about factors of long term management and the impact of organizational activities on society and the environment. Those HRM professionals who are aware and who care about long term and sustainable management struggle to convince those in the finance function and even general managers of the value of thinking in sustainability terms. To ignore sustainability issues not only neglects an important part of organizational survival but also ignores, for many businesses, commercial opportunities. There is certainly profit to be made from sustainability and losses may occur if sustainability is overlooked.

This use of the term 'sustainability' can be linked to the desire, or need, to take account of the triple bottom line of 'planet, profit and people' (Elkington 1998). The triple bottom line gives a wider perspective on organizational success factors than sole financial measures. The one dimensional concentration on the profit on the bottom line of traditional capitalist companies or with the short term political objectives of public sector organizations can be harmful. The financial, economic and social consequence of short-termism, selfishness and only being concerned with the monetary 'bottom line' is gradually leading forward thinking professionals to become interested in practicing Sustainable HRM for the good of the organization as well as for the good of others.

The HRM function's potential value to organizations and the people working within them are likely to be in terms of creating and supporting a culture of sustainability. This culture accepts and encourages change and innovation while avoiding or minimizing protectionism of those who currently have apparent advantages. The created culture will involve creating ways of developing and re-developing staff and systems for the long term survival of the organization in a complex and, perhaps to the current population, apparently chaotic world (Gribbin 2004). The top down, Command and Control and Standard Operating Procedure, Best Practice ways of managing are not capable of reacting swiftly (or accurately) enough to be able to cope in the long term (Johnson 2001; Collins and Porras 2004). Therefore the HRM function will be one which empowers employees to innovate and to work together for the good of themselves, their employer and the wider societies. The HRM rules are likely to be guides and principles rather than detailed rules and regulations. Such broad guidance will cope more effectively with rapid change. There will be a need to decentralize power and actions while monitoring activities to ensure that the distributed powers are used properly.

2.2 *Why Is HRM Relevant for Developing Sustainable Organizations?*

HRM's present practice is often narrowly involved with the actual delivery of HR facilities and services. Meanwhile 'sustainability' may be thought as something unpredictable and too far in the future to impact on the here and now. Those who worked for large, powerful and apparently wealthy organizations such as Lehman Brothers (which no longer exist) or AIG, General Motors and Royal Bank of Scotland (which survived due to taxpayer funded bail-outs) know that practices in the here and now need to be capable of maintaining, developing, creating and re-generating in a sustainable way if the organization is to be survive in the future. Short term thinking and ignorance of wider stakeholder needs can destroy even those with the largest pool of resources and the most clear sighted strategy.

While the HRM impact on the 'people' and 'profit' elements of the bottom line are relatively clear, it is also apparent that 'planet' in terms of the impact on society and the environment is closely aligned with the way that the people in an organization take care (or do not take care) of resources at their disposal. The writing and thoughts of economists such as Collier (2007), systems experts such Johnson (2001) and researchers into human behavior such as Ball (2004) have given useful tools to understand what it is about people and ways of working which can create long term value for the employees, employers and wider society. HRM can play an important part in making the most of human intellect, and other abilities, for the sustainable value creation of work. In the future, it will become clearer that the objectives of commercial organizations will not be aiming only to provide a return for shareholders. Other important targets will be to provide employment and income for stakeholders including employees, suppliers and service providers and to generate a reasonable contribution to tax collection so contributing to economic and social stability.

2.3 The Ethical Dimensions of Sustainable HRM

HRM especially in the context of Corporate Social Responsibility (CSR) should be concerned with the impact of the organization (and its stakeholders) upon the planet, profit and people. As indicated in an earlier publication (Harry 2008), we consider CSR should be within the realm of HRM, as the people focused function, rather than a main responsibility of a Corporate Legal or Public Relations function. Ideally we believe that Sustainability, in strategic terms, should be in the province of the Board of Directors and the Top Management team but we appreciate that in day to day or operational activities a place has to be found within the organizational hierarchy and in such situations HRM is the most appropriate location.

As we discuss on several occasions in this chapter, if organizations and the world economies are to be sustainable there must be a greater sharing of the benefits of access to resources. These resources include natural resources (such as water, fertile soil, minerals and living space), capital and investment and quality education. This is needed even if initially the greater sharing leads to resentment of those who see others benefiting more substantially than themselves. Increased wealth in China and India, for example, compared to declining incomes in parts of Europe. HRM can make an effective contribution to organization and societies' sustained success by communicating, educating, and convincing people of their long term benefits from taking a little less and sharing a little more. HRM can provide an important service by managing the changes in sharing and fairness within and between organizations and between principals and suppliers.

Meanwhile part of the process of convincing people of the worth of managing sustainably is to demonstrate the advantages of taking a stakeholder approach rather than narrowly focusing on the rate of financial return to shareholders. We can learn much from the Japanese approach, despite the shift to High Performing Work Systems and use of contingent workers being practiced in some corporations, in which the wider stakeholder community interests are considered before the return on investments of shareholders. Considering the way that the wider community has been called upon to bail out the shareholders and their corporations during the current financial crisis it is surely obvious that in return for providing a safety net for banks, insurance companies, car manufacturers (and public sector pensions!) the wider community of stakeholders should have their interests at least considered by organizations and governments.

3 Developing Sustainable HRM Practices

3.1 Reducing Complexity

The work environment of the future will become more complex, more interconnected, more long term in its orientation (Stiglitz 2006) and will expect organizations to create value not to plunder resources (Perkins 2004) – no matter how legal some 'plundering' might be (Collier 2010; see also chapter "Sustainable HRM in Europe" of this volume). Although we say 'future' it is likely that the future will be more like the past when facilities and achievements were built to last – sewage systems, road, bridges and buildings, legal systems and ways of governments were created in the expectation that they would last, with maintenance and re-generation, for many decades or centuries. Diamond (2005) has argued that in the past monarchies with their vested interest in passing on to later generations, of their own families, were more willing and able to think and act for the long term. It has been argued by Diamond, among others, that such 'selfish' behavior of monarchies has been necessary in the past to enable wider society to think beyond individual's self-interest to undertake large scale and projects (such as building irrigations systems) for the benefit of wider society. Although not calling for a return to autocratic rulers it will be interesting to see how the, sometimes chaotic and short-term oriented, democracies of Europe deal with the proposed economic solutions being implemented by technocrats who are, during 2012, in power in Italy and Greece.

The inward looking (in national terms) drive for equality and diversity will become more complex as it shifts to a way of considering all humanity. The desire to act in a fairer and more ethical way is driven not by altruism on the part of the present senior management of organizations. The younger employees are much more concerned about the ethical practices of their employers (Gratton 2010), service suppliers (Litvin 2003) and full cost accounting (FCA) showing the true costs of unsustainable practices (Perkins 2009). With a more positive perspective we can see that creating business and marketing plans based on a sustainable vision can lead to great success as is shown by Jones (2011).

Successful organizations will embrace chaos and uncertainty (Ball 2004) and networking as well as communications and sharing knowledge will be vital (see also chapter "Sustainable HRM in Europe" of this volume). The organization's design and format will become simpler and might even be a federation of work units rather than a rigid construct. As Gribbin (2004) shows it is necessary to keep everything simple in order to deal with complexity (but, see also chapter "Fostering Corporate Sustainability" in this volume).

3.2 HRM Objectives, Strategies and Planning

HRM in HICs will have to radically change its attitude to objectives, strategies and planning. We predict that one of the crucial objectives of employers, under pressure from governments, will become employment creation. In the recent past businesses often prospered in the short term by 're-engineering' Hammer and Champy (1993). Originally, Hammer was intent to enrich work rather than simplifying and de-skilling but his ideas were used or misused so that re-engineering involved 'down-sizing', 'right sizing', taking over other companies and cutting jobs and using techniques to simplify work so that unskilled cheap labor could produce goods and services at the lowest cost. However in future, as we see in China and the USA, the organizations which create employment are those most supported by governments. Along with re-engineering was a constant striving for cost control. This sometimes resulted in the levels of wages offered, even in HICs, being not sufficient for normal standards of living so requires State subsidies (Oxfam 2012). In the HICs (and other regions) it will be the organizations which create worthwhile, interesting and well rewarded employment which will be needed – by employees, by governments and by societies.

Strategic HRM aims to build upon organizational strategy to have the 'right' human resources, at the 'right time' in the 'right place'. With Sustainable HRM this will be supplemented by other factors related to sustainability such as for the 'right focus' on the 'right contribution' to wider stakeholder needs. No longer, in a globalized world, will only the near neighbor be the competition but the whole world could be trying to attract, develop and retain the 'right' staff. HRM will have to learn how to deal with resource surpluses and shortages and how to usefully create work for the 'surplus' meanwhile regenerating and reproducing the resources to meet the 'shortages'. Juggling the need to have improved methods of recruiting and retaining the 'best' staff while not paying unsustainably high/low levels of wages will be an important aspect of the HRM function. If the wrong types of staff are employed and retained then the competing organizations will thrive and the organization with the 'wrong' staff will struggle to survive.

It is likely that to be sustainable most organizations will resist the pressure to become larger mainly for the sake of greater power and reward for those at the top. Becoming large was seen as a success factor in the later decades of the twentieth century but the reality was that few shareholders or stakeholders benefitted from such growth. In the early twenty-first century apparently more useful methods for success involve outsourcing functions, maybe even by becoming 'hollowed out' in the manner of many Japanese corporations which rely on agency and temporary workers (Debroux et al. 2012). In Europe many organizations are reluctant to expand due to the legislative burden of employing staff especially the legal aspects of recruiting and dismissing staff.

It is companies in Emerging Markets which will have the attendant risk that they will repeat the mistakes of the previously industrializing countries including exploitation of resources and of people. Some in HICs will believe that increased economies of scale, as well as ability to marshal resources for the long term, will make up for the extra costs of managing the complexity of larger organizations and will strive for expansion. While Multi-national (MNCs) and Transnational Corporations (TNCs) will have more resources for setting long term objectives and undertaking planning it is the medium and small enterprises (SMEs) which are less bureaucratic and are more 'outward looking' in their systems which could be more successful. Meanwhile the SMEs can prosper by being more nimble, more innovative and because they are seen as less threatening by those with whom they interact. The higher staff motivation, flexibility and willingness to work hard for a valued employer can lead to long term success for family businesses and SMEs. These businesses forgo the advantages of size and resources which are accompanied by standardization and rule bound ways of working commonly found in MNCs and TNCs can often bring advantages from bureaucracy and teambuilding benefits of being inward looking.

Planning, in an era emphasizing sustainability will mean that the organizations' plans will have to deal with factors which are unknown, uncertain, unpredictable and far reaching (Ritchey 2007). For some organizations the unpredictability of workforce planning will cause them to give up the attempt to think beyond the next year's budget. If extra resources are needed these organizations will hope to be able to go into the market and buy more even if the costs are high. For most organizations (especially in the public sector and capital intensive industries) planning will still be essential and will become more important (see, for example, Gratton et al. 1999). So HRM Planning will have to pay more attention to the known (mainly internal Human Capital) resources while keeping in mind the less known external factors such as currency fluctuations, free trade/restrictions on trade, legislative/regulatory rules, new competitors from unexpected locations, changes in technology and a mass of other circumstances and actions which are much better dealt with in scenario planning terms (van der Heijden 2005). Scenario planning considering also the impact of organizations on people and planet will be more useful than rigid corporate and HRM strategic plans of the type which Bartholomew and Forbes (1979) expected HRM to be able to develop. Whatever plans are used these must be very regularly reviewed, updated and, if necessary, thrown out and replaced to meet changing circumstances. Fortunately the technology within Human Resource Management Systems (HRMS) and Enterprise Resource Planning (ERP) will enable HRM managers to build, check and re-build the necessary plans (with long and short term targets) to meet objectives in a way which contribute to sustainability.

Even an innovative organization with a willing workforce does need clear long term objectives, strategy and plans. In a turbulent world, however, willingness to attempt to take active control of the organization's destiny is required and long term vision does not mean that short-term goals are to be ignored. There will be less stability within organizations with workers (beyond the very small core group) having an increasingly ad hoc relationship with the employer (Handy 1994). This is part of the drive by employers to move uncertainty and flexibility from the organization to the individual and groups of workers so saving the cost of 'surplus' workers. However loyalty and engagement are important within organizations (particularly in high added value processes and those which rely on knowledge based competitive advantage) and the highly flexible organization is vulnerable to loss of loyalty from the workforce and risk to its survival.

3.3 Resourcing and Engaging

The US and European organizations, which had relied on expansion and acquisition, will most likely have to stay much the same size but also because of shortages of credit due to banking sector and sovereign debt crises. This may lead to a reduced need for recruitment, fewer promotion opportunities and less demand to outsource functions. This will cause HRM to have to work more effectively to recruit the best staff for the roles within the organization. When we talked of recruiting the 'best' we meant those candidates who best fit the organization's needs over the long term at a cost which the organization can afford. If an organization (and its HRM function) is concerned only with the short term then wastefully 'hire and fire' or 'hire and forget' are logical approaches to recruitment and retention. To be more sustainable over the long term such wasteful practices will have to be discarded and much more effort made to carefully choose and nurture human resources. We are already seeing that, in the UK as well as other locations in Europe, private sector employers are choosing to not fire staff and to maintain the work force for as long as possible even in severe financial crises. Such employers not only recognize the folly of losing valuable resources who understand the culture and expectations of the organization but also save the cost of recruiting replacements when the market situation improves. Among the costs of recruiting, which employers are becoming mindful of, are not only the advertising, recruiting, selecting and induction expenses but the potentially excessive cost of appointing the 'wrong' candidate.

If the employment relationship is intended to last a long time and the employee is genuinely to be a valued resource then HRM must give much more attention to proper and effective recruitment practices. Even a junior employee who might be paid 20,000 € a year will cost (in salary terms only) 100,000 € if they stay for 5 years. When benefits and other associated costs of employment are added a junior job can easily cost 1,000,000 € during the role's existence. When an organization seeks to build Sustainable HRM practices to recognize the long term value of staff then it makes great sense to pay close attention to selecting the candidates who will contribute over the long term and during changing circumstances.

When organizations have a short term orientation the expected high turnover of staff (outside the public sector – where turnover is generally far lower) meant that there was little anxiety about the poor effectiveness of selection techniques. Person job matching rates as low as 8 % (only 8 in 100 people were in the 'right' jobs) are common (Wiley 1992). If the wrong person-job match occurred the expectation was that the employee would soon leave and another (possibly just as poorly matched) candidate would be recruited or promoted. A sustainable approach will result in much more role and organization specific recruitment techniques and tools applied. We should note that although the vast majority of selection processes are aimed at fitting people to jobs in a number of situations top performing companies, which see individuals with lots of potential, construct jobs to fit the individual (Collins 2001). Tools will include in-depth interviews (focused, behavioral event and competency based interviews etc.), psychometric tests of relevant abilities and personality at work and assessment centers. These tools will become part of the selection process and reliance on the, not very efficient, classic trio (application form, interview and reference) will diminish in importance. Despite the weakness of the classic trio it is rare to find more reliable methods of selection used outside the largest corporations. Even at high levels of management the decisions on hiring seem often to depend on connections (known as guanxi in Chinese Putonghua and wasta in Arabic) rather than expected ability to perform well at work.

A more sustainable way of managing HRM requires recruits to be developed and enthused – in other words to become 'engaged' with organizational objectives and to exhibit enthusiasm and engagement for working in fair and sustainable organizations. It is through creating trust and clear communications that a workforce becomes engaged in the objectives (especially the long term objectives) and sustainability of their employer. This engagement is especially important to generation Y staff – who have entered the workforce in the past decade or so. Employees can be engaged and motivated in a way which leads them to believe that they are the benefactors of the efforts of those who were in the organization before them. In turn these employees are the custodians who will aim to pass on a successful business or service to those who join after them. As part of the engaging process HRM professionals will need to re-consider their ideas on job enrichment (Herzberg 1968).

There will be tensions between the desire and need to recruit globally (from a worldwide pool of 'better' or 'cheaper' candidates) or create 'red tractor' jobs which support the local community. This is part of the developing globalization/ localization tension (Harry and Jackson 2007). In some parts of the world there will be a surplus of older candidates for jobs. Japan and many European countries are in this category, where older people are available for work. In the next two decades China may likewise have more need for older citizens to continue working for longer. Meanwhile in other regions (South Asia, Africa and the Arab lands especially) the pressure will be to create work for a surfeit of youngsters entering the employment markets (Harry 2007). The workers in countries with declining populations of working age will wish to gain a higher share of resources due to the smaller number of resident workers. These workers will resist work being made available to foreigners particularly where there is an issue of youth unemployment high general unemployment as we discuss in chapter "Sustainable HRM in Europe".

3.4 Rewarding

It is in paying wages at a 'sustainable level' which may be the greatest challenge to the organizations in HICs. If pay is too high then many jobs will be outsourced or go abroad. Going abroad enables commercial companies to compete with rivals in lower wage environments. On the other hand if pay is too low then staff will not be able to maintain their expected standard of living. In HICs the social security safety net will, for a time, mitigate the pressure to reduce pay to meet the competition. As we have seen in the context of Euro Zone sovereign debt issues in the past few years, very few governments can maintain, for extended periods, high levels of unemployment and underemployment. This is a particular problem when the social security net is paid from a declining tax pool (Johnson 2011).

It could be that contingent workers and job sharing (part-time or flexible availability) will be more often used to control fixed costs of employment. Many UK commercial companies used this system during the recession which started in 2008 as a means of reducing costs, avoiding redundancies and keeping a skilled and knowledgeable workforce for the hoped for economic recovery. It is hoped that a sustainable way of working will evolve which will enable workers in HICs to build upon their strengths in terms of being relatively well educated. These well educated people are supported by fairly effective infra-structures built up during periods when natural resources were cheaper.

An alternative may be to pay the 'rate for the job'- that old method of Personnel Management – but although the 'job' can be evaluated what rate 'should' be paid? For some jobs, where it is considered that there are few individuals with the necessary ability (premier league football players, golfers and perhaps even investment bankers) an international rate of pay is used – irrespective of the nationality of the worker (Bolchover 2010). Some MNCs pay according to the home base of the employee while others pay according to the host location. These, currently, limited occurrences of different reward structures depending on the origin and destination of employees and candidates will become part of everyday HRM in the future. Should the 'rate' for the job be determined by the nations' borders? In such a case will fairness, in consequence, stop at the international boundary? To pay an international level for jobs could either lead to massive increases for those in poorer countries or massive reductions in richer countries. Neither course of action is viable on a large scale. For as Stiglitz (2006, p. 46) maintains it may be impossible to have equity and sustained growth simultaneously.

If there are limited resources and few general pay increases then HRM will have to adjust reward strategies and operational management. This maybe the situation found in many European countries in the second decade of the twenty-first century. The practice of having regular, upward, movements of pay and benefits will be seriously challenged. Workers have to get used to substantial variations in pay over their working lives and those working lives will be longer (with later retirement) and with more periods of no work or part-time work – due to sharing out, among those seeking work the limited number of jobs available and greater volatility in the globalized world. This would be a return to the ways of earlier periods of the industrial age when employers based their reward policies and practices on cheapening labor (Braverman 1974). This is also the practice in much of the world where quality of product is of little importance compared to quantity so high production targets, piece-working, payment by (narrow, short term, quantified) results are the norm. In newly industrializing countries (mainly MIC and LICs) cost control is the driver of worker reward. Such cost pressure often originates from foreign purchasers in the HICs who keep wages low in LICs.

Workers in LICs and MICs have similar attitudes to incentives as certain bankers in HICs that is to only think of the immediate benefits to themselves. This is, in part, due to the absence of a government social security safety net and the lack resources to maintain their survival and wellbeing. For such workers incentives must be short term (based on recent production or services) because workers do not trust the employer to be willing or able to meet commitments over the longer term. Although it is possible that wages will stagnate in HICs it is likely that these wages will buy more as goods and services are produced more cheaply in the MICs and LICs so enabling the workers in HICs (and the population of MICs and LICs who are in work) to have a better standard of living – in material terms.

3.5 Learning, Training and Development

To be sustainable, HRM will pay much more attention to real learning and development of the human capital. Klein (2004, p. 184) shows that to be able to cope with change and develop innovative ways of working organizations need to nurture and aid people allowing them to learn and generate new ideas. As such sustainability will need to be a core aspect of strategy so that the innovation and development is people focused and is closely linked to the wider aspects of society and environment.

It is through leveraging education, knowledge, existing infrastructure and capabilities that the organizations can retain their competitive advantages and also help to stabilize societies economically and socially. In the increasingly important manufacturing technique of 3D printing the high cost disadvantages of producing in high cost organizations with knowledgeable and capable workers are more than compensated by the application of smart ways of creating products. It is through demonstrating the benefits of applied innovative creativity that HRM can reach beyond organizational bounds to help existing and potential workers to understand how learning can help them prosper and generate well-being (Chang Barker 2003).

Learning and development can certainly be undertaken in a sustainable manner. The additional capability repays, often very quickly, the investment of resources. Many organizations have discovered that during short term economic crises, to severely cut back on training and development creates longer term problems. It has been demonstrated that the investment in learning by individuals and organizations, not being discarded to meet short term problems leads to more likelihood of prosperity over the long term (Chang Barker 2003).

As the workforce in MICs and LICs improve their learning and personal development this will be seen as a great threat to the HIC workers. Increased learning and personal development enables the organizations in the MICs and LICs to move up the 'value chain' of production and service provision which may lead to further barriers to trade against the poorer countries (Economist 2011). For the workers in HICs their competitive advantage will only be maintained by allocating more resources to learning and development. From the view point of humanity as a whole the overall increases of capability will be beneficial. However, an increasing need will be seen to focus not only on the development of any capabilities but also or perhaps especially on capabilities for a more sustainable development (see also chapters "Sowing Seeds for Sustainability in Work Systems" and "Paradox as a Lens for Theorizing Sustainable HRM" in this volume).

3.6 Managing Performance

The systems of managing the performance offer great scope for contributing to the sustainable success of organizations and individuals. In the past 'success' was measured by profit (in businesses) or achievement of stated objectives by public sector or not-for-profit organizations. Employees were paid for time spent at work or for production of pieces of work- actual goods produced or number of services provided. Overtime payments are given if time and attendance was what was being paid for. In the case of paying for extra (over) time the assessment tends to be made on a weekly, bi-weekly or monthly basis. If some units or individuals exceeded the expected or target performance then a bonus pot was provided for the unit or a bonus was given to the individual. Assessment of performance tended to be an annual event when a backward look was taken to evaluate performance against (often previously unstated) expectations. Reward generally was based on achieving 'success' in financial terms and higher performance was, and often still is, rewarded through financial means.

HRM can build and then cascade from strategic direction to individuals active performance management systems which make clear the organization's sustainability objectives in more than financial terms. In Sustainable HRM terms the reward will be a mix of financial payment, engagement within the organization and with external stakeholders, learning opportunities along with the contribution to wider ecosystems. States where immediate needs take priority people and organizations will be better able to recognize that this short term requirement does not have to be at the cost of medium and long term harm. The reward can be directly linked to non-financial fields such as learning and development opportunities, skill improvement (including lateral career moves), or chances to take part in community or environmental protection activities (Grapevine 2011).

3.7 Maintaining Human Resources

As we have seen in other chapters of this book an important, or even a crucial, aspect of HRM and sustainability is to deal with the refreshing and maintenance of the Human Resources of organizations. It is surprising that in the past employers seemed to understand the issue of re-freshing or re-creating employees' physical and mental health with recreation and social clubs a common provision. Perhaps in the more individualist and self-managing era it is expected that staff do not want employers' assistance with the refreshing and maintenance of their well-being. For even the most selfish employer it is clear that failing to maintain an effective health, safety and environment (HSE) in the workplace will lead to legal proceedings. As we have seen with, for example, Foxconn (Daily Telegraph 2012) and France Telecom (Financial Times 2012) even allegations of mistreatment of staff can severely harm a brand and market. Proven mistreatment not only results in damage to business but causes human tragedies.

HRM has an important role not merely as support for HSE but to ensure that employee wellbeing and maintenance of a sustainable workforce is central to the HRM strategy and HRM services. The design of working conditions, delivery of work pressure in performance of work, learning at work, autonomy and work enrichment all contribute to workability and the sustainable success of individuals and the organization. These factors link with non-financial rewards, employee engagement, learning and development and are fundamental to the sustainable organization.

3.8 The Risk That Others Take Advantage of Your Sustainable HRM Practices

There are meanwhile serious risks of the organization being too inclined to being sustainable over the long term if rivals use the opportunity to capture short term power or success. Undoubtedly some sustainable practices might put individual employers and employees at risk if there are too many free riders or 'plunderers' around. While candidates might recognize that employer A offers a long term future with modest immediate rewards they might still be tempted to take a job with employer B (offering immediate incentives) and perhaps intend to switch to employers such as A when the ‘right’ time comes. But maybe before too long the candidate will find that employer B, with its short term orientation will have driven, the more ethical and sustainable, A out of business. Meanwhile some HRM practices which contribute to sustainability, these can be taken advantage of other employers who continue to work only for short term selfish interests. An example of potentially sustainable practices being abused by others include where a company invests in staff learning and developing capability at work only to find that trained staff are poached by employers who have ‘saved’ by not investing in development. Such employers can then afford to pay more to the trained staff. Meanwhile the original employer has used resources in training so reducing the available budget for pay and benefits. Employers can prevent this type of behavior by offering more than just financial incentives to skilled employees, for example, by developing a culture of sustainability, by providing autonomy at work or by paying particular attention to employees’ work-life-balance needs and other activities of becoming employer of choice (see also chapter Practitioner’s View on Sustainability and HRM in this volume).

In another example, such as pension provision, the organizations which think and plan in long term sustainable ways can find themselves harmed by those only working in short term unsustainable ways. Some companies, entirely within the law, have taken pension contribution ‘holidays’. When the pension pot empties the shareholders and senior managers have been able to pass responsibility for the unfunded pension obligations onto the taxpayer. In other cases, in the last decade of the twentieth century, in particular, some companies were bought, using debt financing, in part for the pension funds which had accumulated under managers who were acting sustainably in the interests of the employees and wider society. When the purchased companies were run down and the pension funds used, indirectly, to pay off the buyer then the employees and taxpayers suffered. In this type of case the moral hazard present is that the unsustainable ways of managing are rewarded while they last but others pay the costs when the activities go wrong. In the future, this unfair and cost-externalizing behavior will not be accepted by sustainable employers, employees and governmental institutions (taxpayers) and will threaten at least the social legitimacy of an organization – if we all are really interested in more sustainable societies and organizations.

4 Concluding Thoughts

Within this chapter we have provided ideas on the implications for HRM practices from the vision of sustainability. We have deliberately not been prescriptive. We have *not* shown what people in HRM and other management functions must do as we believe that it is up to each individual and group within organizations to find their own solutions towards sustainability. We have shown that HRM professionals can provide a great service in guiding others in how to work and manage more sustainably. To put the vision into practice provides not just a valuable role for HRM but gives the function much more interesting tasks which can make a most useful contribution to the organization, society and to the environment in which we all live.

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Part V
Conclusions and Prospects for Sustainability and HRM

The Future of Sustainable HRM

Concluding Thoughts and Ways Forward

Ina Ehnert, Wes Harry, and Klaus J. Zink

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1 Introduction

We have sub-titled this chapter ‘concluding thoughts’ rather than ‘conclusions’ as we believe that the subject of sustainability and HRM (Sustainable HRM) is still in the early stages of development with much thought and study still necessary before academics and practitioners are likely to come anywhere near consensus which would justify the term ‘conclusions’. Within this volume we have deliberately sought a wide variety of issues and geographical locations within which to consider the issues of sustainability and people at work. By its nature the variety has produced a wide diversity of views. We consider this range of viewpoints a strength as we believe that there are many routes and many outcomes to the ways of ‘managing’ in a sustainable way. We do recognize, however, that the variety might leave the reader with an impression of too much uncertainty so within this chapter we will draw attention to the key debates and analyses.

We do endeavor, however, to produce substantial thoughts and summarize the key ideas and analyses presented within each part and chapter of the book, identifying common themes. These themes are related to our three initial questions. First, how can HRM contribute to the sustainability of business organizations? Second, how can HRM systems themselves become sustainable? Third, how can Sustainable HRM be interpreted in different cultural contexts? As the chapters in this book have shown, the first two questions are intertwined. We began this book in Part I by discussing the limitations of the traditional market model, the relevance of the idea of sustainability for HRM practice and research along with providing an overview on the difficulties of defining sustainability for the business and HRM context. We have also introduced prior pioneering research on sustainability and HRM. We have argued that sustainability is a strategic issue for HRM. We maintained that this is necessary for a company’s long-term viability. This is particularly so for business organizations which wish to maintain the social legitimacy of their commercial operations, which need to control the risks from producing harmful or negative externalities on natural and social environments. We also believe that Sustainable HRM is essential with organizations which aim to have long-term access to resources needed for business in the future.

In part II, the chapters dealt with sustainability and ‘people issues’ in organizations from multiple disciplines and areas (ergonomics/human factors, HRM, sustainable works systems, and organization theory) as well as from a practice perspective. These chapters have highlighted the role of HRM in fostering human and social sustainability in the workplace and in developing economically, socially and ecologically sustainable organizations. These chapters are based on the assumption that more sustainable organizations (if sustainability is not only interpreted in an efficiency-oriented sense!) by their nature contribute to a sustainable development within and across societies around the globe. In part III, the authors have analyzed the role of the HRM function in making HRM systems themselves sustainable. These chapters draw upon conceptual work, empirical studies and upon practical experience so provide a better understanding of the complexity of Sustainable HRM. Finally, in part IV the authors have reflected upon the meaning of sustainability and HRM in different cultures, in order to show the relevance of Sustainable HRM for diverse cultural contexts again both from an academic and practitioner point of view. In this chapter of concluding thoughts, we return to the three initial questions, provide our views, draw implications for practice and potential future research agendas.

2 Concluding Themes and Ideas on Sustainability and HRM

If Sustainable HRM is to become not only a term used often in practice and research, but also a concept with meaning beyond both traditional HRM and corporate sustainability or CSR approaches, then the key themes and potential boundaries of this topic need to be clarified. We have contributed to the discussion with this book in discussing primarily the role of HRM in contributing to sustainability of business organizations – clearly going beyond economic sustainability.

2.1 Fostering Corporate Sustainability: Promoting Sustainable Work Systems, Organizational Learning and Change Towards Sustainable Development

Our first question is how HRM and the design of the work systems can contribute to the sustainability of business organizations. The chapters in our volume illustrate that the answers to this question also depends on the understanding of 'the sustainability of business organizations is defined'. In chapter "Social Sustainability and Quality of Working Life" Klaus Zink addresses the issue by taking the perspective of human factors or ergonomics and discusses the sustainability of a working system. In Europe work intensity has increased steadily and psychological stress has become the principal cause of professional illness and early retirement which indicates a relationship between working systems and economic results. Zink suggest in chapter "Social Sustainability and Quality of Working Life" that aspects of workability and employability have to be a main basis for designing working systems in a more sustainable way. Workability means to be able to work in good health until the chosen time of retirement. Employability refers to the ability of a person to get a job whenever they become unemployed. Zink asserts that from a human factors or ergonomics perspective, which is stakeholder-oriented, HRM can contribute not only to serving employees' needs and to the shareholder value (see also the debate on the quality of working life reviewed in the chapter), but also to ecological sustainability, for example, when designing the work environment by reducing noise impacts or harmful materials. Therefore, when taking a broader approach and including human factors aspects in developing HRM strategies and practices, for example by doing a social life cycle analysis, this can be a contribution to the sustainability of (business) organizations. Zink's chapter already indicates that there seems to be a close link between the sustainability of the business organization and the sustainability of the HRM system, which was our second research question.

In the same vein as Zink's chapter, Mari Kira and Svante Lifvergren discuss in chapter "Sowing Seeds for Sustainability in Work Systems", how HRM can contribute to the social, ecological and economic sustainability of working systems based on a case study of a Swedish hospital. The authors show how the promotion of social and human sustainability at work may contribute positively to the overall sustainability of the work-system. As key actors and processes they identify leadership, team learning and organizational identity but also well-being and development at work. The meaningfulness at work is an especially important point which correspondents to an individual's identity and has implications for personal engagement and systems performance. As the case study shows the contribution to the overall environmental goals of an organization can also create meaningfulness and a "good feeling". Therefore, it is important for HRM to create ways to lead, manage, and engage human resources to promote their own sustainability and to promote the sustainability of work systems. Kira and Lifvergren propose "that sustainable work systems adopt complex views to reality, engage in upstream thinking, and home various knowledge domains that are required in achieving the desired operational results in a manner that protects and regenerates various resources involved." Sense making is again seen as important "to find operational solutions and work methods that promote ecological, economic, social, and human sustainability". As complexity is growing team learning and forums for joint learning are understood as important preconditions – but also design concepts for work which secure a "better fit between employee's identities and their work". To illustrate the lessons from their case study in a hospital the authors develop a 'sustainability spiral' which includes all dimensions of sustainability and therefore, shows the contribution of sustainable work systems to the overall sustainability performance of the organization. It can be concluded from this study that HRM needs to promote organizational learning for sustainability and provide the corresponding assessment context including economic, human and ecological criteria.

In chapter "Human-Resources Mindfulness", Guido Becke goes one step further and identifies the importance of human resources (HR) mindfulness for the promotion of health in knowledge-intensive SMEs. In knowledge-intensive organizations (KIOs) complex problem solving activities, with often unpredictable work processes and outcomes, lead to internal uncertainty. Also external uncertainty is generated by dynamic and unforeseeable business environments. These working conditions can create serious psychological stress and strain so may be harmful to people's health as shown based on European studies concerning working conditions. Therefore, Sustainable HRM has to balance the efficient deployment of human resources and their long-term availability by developing, regenerating and retaining these resources. As advanced in the two chapters before, work systems are needed which support the regeneration of human resources through the process of work while still maintaining productivity and a competitive edge. Becke asserts that "HR mindfulness fosters sustainable work systems by establishing an HR infrastructure that is comprised of organizational routines within and outside of work processes, and of participative and dialogue-oriented procedures." Examples for those routines are based on Quality Management (QM)-principles such as preoccupation with failures or commitment to resilience including sensitivity to local operations. Becke's chapter focuses on health at the workplace as an important basis for human sustainability and as a precondition for workability, economic and social sustainability. HR mindfulness could be an approach to sustain human health and hence contribute to the sustainability of knowledge intensive enterprises. Potentially, the ecological dimension of Sustainable HRM could be addressed using the 'tools' of mindfulness such as 'interactive routines' inside and outside of work process or 'spaces of dialogue'.

In chapter "Corporate Human Capital and Social Sustainability of Human Resources" Regina Osranek and Klaus Zink discuss a framework for measuring corporate human capital as an index for the social sustainability of organizations based on the assumption that Sustainable HRM needs to provide indicators which make social and human sustainability measurable and which allow linking these to firm performance. The term 'capital' is used to get the attention of (top) management. The approach chosen by Osranek and Zink tries to integrate relevant aspects by including all relevant stakeholders. This link between Sustainable HRM and human capital is (again) mainly focused on the economic and social perspective. Potentially, ecological aspects have to be made more explicitly by answering the following type of questions: Which qualitative and quantitative aspects of ecological behaviour can be found based on activities of the HRM department? Are there any training programmes to promote such behavior? Do training concepts follow sustainability guidelines and if not, what would they look like? Along with many other questions. The human potential index as result of this integrative measurement concept delivers non-financial indicators but also financial measures resulting from indicators such as low absenteeism. As the approach aims to ensure continuous organizational improvement it is a holistic contribution to Sustainable HRM.

The last chapter "Enterprise Sustainability and HRM in Small and Medium-Sized Enterprises" in part II is by Nathalie Hirsig, Nikolai Rogovsky and Michael Elkin who take a broader view of sustainable work systems. The authors look at enterprises in international supply chains with regard to sustainability and HRM in SMEs in emerging countries. Based on the International Labour Office (ILO)'s

Decent Work Agenda (promoting sustainable enterprise practices) the authors ask whether SMEs are able to combine economic, social and environmental sustainability while thriving and growing under intense competitive pressure from domestic and international competitors. The concept of a sustainable enterprise is "understood as one which operates a business so as to be viable, grow and earn profit, recognize the social aspirations of people inside and outside the organization on whom the enterprise depends, as well as the impact on the natural environment of its operations and of its products and services." The chapter looks at how enterprises are addressing and balancing both traditional and new economic, social, and environmental challenges and is mainly based on the experiences of the ILO. The chapter provides practical examples from different emerging countries on how economic, social and ecological performance can be improved for stakeholders. Similar to chapters "Sowing Seeds for Sustainability in Work Systems", and "Human-Resources Mindfulness", a collaborative approach between organizations and stakeholders is chosen to develop a decent workplace by promoting social dialogue, workplace cooperation, skills development, employee employability, workplace safety, equality, human rights, Corporate Social Responsibility (CSR) and by improving general working conditions. The authors assert that in emerging countries codes of conduct or urging companies to invest "only" in better working conditions does not help, but instead a holistic approach is needed helping enterprises to improve their competitiveness in the international supply chain.

Taking chapters "Social Sustainability and Quality of Working Life", "Sowing Seeds for Sustainability in Work Systems", "Human-Resources Mindfulness", "Corporate Human Capital and Social Sustainability of Human Resources", and "Enterprise Sustainability and HRM in Small and Medium-Sized Enterprises" together in answering the question how HRM can contribute to the sustainability of business organizations, it becomes clear that HRM needs to foster the implementation of instruments which allow dialogue between stakeholders, which promote employee health, employability, organizational learning and change towards sustainability and which link these features to measuring HRM performance. However, this will not be realized in an automatized way, but requires the total commitment of top management.

2.2 *Fostering Human Sustainability Through HRM*

Our second question explored by authors, in part III, is how HRM systems themselves can become sustainable which shifts the attention to a more in depth analysis of HRM strategies and practices. The chapters in the previous section have already made several suggestions in this regard which indicates that the sustainability of companies and work systems has a lot to do with the sustainability of the HRM system and the level of the individual employee.

In chapter "Striking a Balance Between Work Effort and Resource Regeneration", Luc Dorenbosch theoretically and empirically analyzed the differences between *high* work performance and *sustainable* work performance at the individual employee level. The notion of sustainable is interpreted in the way of 'durable, long-term' and it is assumed that employees need energy to work and perform continuously and that this 'energy' needs to be regenerated at work and/or away from work. The author introduces the concept of employee vitality as "a representation of the dynamic interplay between employee vigor and proactivity", i.e. high vitality employees can advance their self-development to achieve future job skill requirements (employability) without risking their health at work. Dorenbosch's study results, based on interviews with 2,000 Dutch employees, suggest that high vitality employees are able to overcome resource constraints that might hinder other employees in performing continuously. Consequently, a Sustainable HRM approach would have to integrate conditions identifying and supporting employee vitality.

The individual level of analysis is also at the centre of chapter "The Model of Negative Externality for Sustainable HRM" where Sugumar Mariappanadar discusses the harmful impact (or 'negative externalities') of HRM practices on individual employees, their families and on communities in which the companies operate. Using the example of downsizing the author asserts that controlling the harmful impact of HRM practices is a key ingredient in developing a Sustainable HRM. The economic and social costs created by harmful HRM practices might be externalized from a short-term economic point of view but fall back on the organization in the long run. The author proposes a model of negative externalities that can be used and tested in future empirical research.

In chapter "A Stakeholder Perspective for Sustainable HRM" Marco Guerci, Rami Shani and Luca Solari go one step further and propose a stakeholder perspective for Sustainable HRM. The stakeholder view allows the internalizing of important 'stakes' that would normally be outside the organization's control. Collaborative relationships between the organization and its stakeholders can foster corporate sustainability. The authors see the contribution of this perspective to make HRM itself more sustainable and to contribute to corporate sustainability. Many gaps for future research are identified in the author's review.

The relationship between HRM and its environments is also of importance for chapter "Fostering Corporate Sustainability". Paul Gollan and Cathy Xu who propose two integrative and dynamic approaches to Sustainable HRM and discuss how HRM can foster a climate of regeneration and renewal with the final end of improving corporate sustainability. In this chapter we learn that HRM faces huge challenges (such as the changing employment relationship) in adopting sustainability principles, practices and structures. The authors also propose a typology of Sustainable HRM which allows differentiating HRM systems with regard to the level of their commitment to corporate sustainability and whether HRM involvement for sustainability is functional or strategic. This is an important contribution to identifying different approaches to Sustainable HRM.

In chapter "Paradox as a Lens for Theorizing Sustainable HRM", Ina Ehnert looks at Sustainable HRM from a meta-perspective considering paradoxes and tensions in Sustainable HRM and how, potentially, to deal with these. Sustainability extends the scope of HRM strategy, goals, notion of success as well as how employees might have to be evaluated. This can create tensions between the economic, social/human and ecological dimensions and paradoxical choice situation. The chapter makes initial suggestions on how HRM and individuals could cope with the paradoxes and tensions.

In chapter "Practitioner's View on Sustainability and HRM", Jens Hoeppe provides a practical case on how first steps towards a Sustainable HRM have been implemented in a German bank. Important HRM practices which help the bank to maintain highly skilled employees and to reproduce talent ('substance maintenance and reproduction'). The bank's first HRM measures had been to implement sustainable leadership practices, occupational health management and practices that support employees' work-life-balance. This contributes directly to human sustainability, to making the bank an employer of choice and to return something to the community within which it operates. It can also be understood from this practical example that a sustainability strategy for HRM needs time to be implemented and 'lived', that top-management should support the implementation and that the strategy and implementation needs to be clarified within every organization– i.e. *what* needs to be sustained.

Thus we see that chapters "Striking a Balance Between Work Effort and Resource Regeneration", "The Model of Negative Externality for Sustainable HRM", "A Stakeholder Perspective for Sustainable HRM", "Fostering Corporate Sustainability", "Paradox as a Lens for Theorizing Sustainable HRM", and "Practitioner's View on Sustainability and HRM" have provided a variety of interesting answers to the question of how HRM systems themselves can become more sustainable and what could hence be done for human sustainability. Individual employee or human sustainability is a prerequisite for long-term organizational performance and corporate sustainability.

2.3 Convergence and Divergence of Sustainable HRM Across Cultures

The third question, of how Sustainable HRM can be interpreted in different cultural contexts has been considered in chapters "Sustainable HRM in the US", "Sustainable HRM in East and Southeast Asia", "Sustainable HRM in Europe", "Sustainable HRM in Peruvian Companies", "Sustainability and HRM in International Supply Chains", and "The Relevance of the Vision of Sustainability to HRM Practice". As we have learned in these chapters there are a variety of ways of exploring the issues and impact of sustainability. These explorations cover the debate, which is regularly found in HRM and which has arisen within the contributions of this book – namely whether there is convergence or divergence in the approach and outcomes of aspects of HRM across cultures. In the case of this volume it is the concept of sustainability which we seek to examine in a number of cultures. By the term 'cultures' we do not just mean national cultures but organisational cultures, professional and functional cultures and perhaps, even generational cultures. Although some organizations pretend to care about sustainability and are accused of 'green-washing' their real practices many other organizations truly believe in working with people (stakeholders as well as employees and wider humanity) in more sustainable ways.

This diversity of approaches to sustainability suggests that there is a divergence of HRM values, policies, systems and practices. When, however, we consider how recently the study of Sustainability and HRM has entered the academic and practitioner agenda it is not surprising that there is such a range of approaches to the subject and even arguments about what the terms sustainability and Sustainable HRM should mean. It probably is much too early to predict whether there will be divergence or convergence although it does seem unlikely that there will be close convergence as the general ways of undertaking HRM have not merged into universal ways of working. It is, nevertheless, clear from the chapters of this book that people in very different situations are keen to learn from others and develop the most appropriate ways for their own location.

3 Sustainable HRM in Different Cultural Contexts

3.1 Population and Resources

The wide varieties of situations discussed within the chapters "Sustainable HRM in the US", "Sustainable HRM in East and Southeast Asia", "Sustainable HRM in Europe", "Sustainable HRM in Peruvian Companies", "Sustainability and HRM in International Supply Chains", and "The Relevance of the Vision of Sustainability to HRM Practice" have demonstrated the relevance of sustainable ways of managing human resources. We have seen that some parts of the world pay much closer attention to sustainability while other places are more focused on profit or survival. It is surely not co-incidence that most of the interest in contributing to the book has been from European academics nor that two of the three editors are from Germany where the elements of sustainable work practices are now embedded in many organisations. On the other hand we saw in the chapter "Sustainable HRM in the US", on the USA, that there is much less interest (or worry) about sustainability in that rich country. Perhaps it is the difference between crowded parts of the world where natural resources are in less abundance (due in part to previous exploitation) in contrast with a country which still has space and resources. We tried hard to have contributing authors from Africa and more within Asia but it seems that the focus of academic and practitioner writers in these regions are much more engaged in how to deal with survival and, for the more fortunate, with growth and rapid change.

In the chapter "Sustainable HRM in East and Southeast Asia" discussing Asia (the home to over half of humanity including two countries, China and India, with almost three billion people) we saw that the drive for swift development and endeavors to increase the material prosperity of their citizens is leading to a more rapid depletion of the resources of the earth. Is it reasonable that the wealthy high income countries should demand that the Asians (and others) should be more careful to be sustainable when the ancestors of those in Europe and North America have built so much of their riches upon short term abuse of resources in their home countries or in places which were colonized or exploited through commercial or military power? We know that it can be argued in Berlin or Detroit that it was not known how much damage was being done by using coal or forests in industrialization whereas now we do know how much damage was, and is, being done it can be argued that people in Beijing and Delhi should be more careful.

Even if there is no growth in wealth in the rich countries it is apparent that using current technology and means of managing people and resources there are not enough assets within the world for all to have the standard of living of the citizens of the richest countries. The magnitude of the challenge of managing sustainably makes the topic absolutely relevant to ways of managing people at work. For some people the issue will be to moderate their expectations – for example that not every Indian will be able to own and drive a family car while Americans will have to become used to paying more than $3 a gallon for gas. Pay rises might be faster for Chinese workers than French workers but very few Chinese will be able to achieve the pay and benefits level of those working in Paris. Greeks in the public sector might, for a little longer, be able to retire in their 50s but Japanese have to work well into older age as there are not enough active workers to maintain the pension provision for the elderly. In a very few years some countries will find that their present ways of funding non-productive citizens are unsustainable (in this case we mean that the practices cannot survive for long) as people in Greece and Japan are already finding.

3.2 Sharing

States which have grown rich in supplying the demand for carbon (in the form of hydrocarbons of oil and gas) will be reluctant to give up their major, or sometimes only, source of wealth. Poor countries threatened by climate change, including much of sub-Saharan Africa and south Asian states such as Bangladesh, Pakistan and Nepal will need a transfer of resources to enable their populations to survive. There will be competition for scarce resources as the world population increases from the present seven billion to the predicted nine billion by 2050 – the world's population in 1950 was 2.5 billion (United Nations Population Division 2003). Industrializing countries such as India and China will claim (with much, but not entire, justification) that the countries, mainly in North America and Europe, which polluted during the past two centuries must pay the major part of the bill for clearing up excess carbon and other causes of environmental damage while other countries will claim that they should be paid to not pollute. Poor countries will argue that rich countries have to transfer wealth to them to share the material benefits from the world's limited resources as it is unfair that the poor are not given a higher share of prosperity. Some will counter these claims using the argument presented by O'Rourke (1998) that aid is simply 'poor people in rich countries paying rich people in poor countries'.

Into these competing views of 'who pays' is the tension between globalization and local preferences (Harry and Jackson 2007) in which the rich and powerful seek to benefit from free movement of capital, jobs and (some) job holders. The poor and those with limited power will wish to share the benefits but find that their work becomes unviable when faced with changing technology, competition from lower cost workers, subsidies and unfair competition (King 2011). If the population of currently poor states are to enjoy the material culture of the high income states then (with present technology) there would need to be three planets earth (WWF 2006). To show the gap between the rich and the aspiring poor consider the United Kingdom and Peoples Republic of China – China overtook the UK in Gross National Product (GDP) terms during 2008 (Deutsche Bank Research 2009) and the British seemed upset to lose their place as the world's fourth largest economy. However the GDP of the UK is shared among 60 million inhabitants while 1,300 million citizens share the People's Republic of China's GDP. The average Chinese person has a very long way to go before they will have the material prosperity of the British.

This creates a dilemma for the human race. Do we expect the Chinese or Cambodians, Somalis, Bolivians and others to be content with their lower levels of prosperity? Do we shift resources to India and other locations which strive to reach Western standards of material prosperity? Do the rich countries create 'fortress borders' and trade barriers to protect their prosperity? Do jobs get reserved for employees in rich countries although there might be candidates in other places able and willing to work for less or work more effectively? Do organisations continue, as they have been used to doing, and let "nature take its course" and the 'fittest' survive? These issues have been debated by economists at least since the work of Ricardo (1817) on comparative advantage where rich countries seemingly had the advantages and the consequences for poor countries were hidden. Now, however, the issues are reaching the workplace and it is the poorer workers in rich countries who are at a comparative disadvantage and face long term unemployment, declining wages and lowering in perceived standards of living.

The political, economic and social debates which will result from these problems can have serious impact on all types of business and organisations. Bleak, however, as the situation might appear let us not lose sight of the massive opportunities for humanity in raising the living standards – by which we mean safety and security, improved health care and education as well as material prosperity. Although we, and even more the future generations, may suffer from pollution and climate change the prospects for the human race as a whole are much brighter than they were several decades ago as billions of people, especially in Asia, have much better lives than their ancestors. The challenge (in its traditional meaning) is to come up with solutions which will continue and extend these benefits over the long term.

For High Income Countries the solutions are likely to be to build upon strengths (some of which we discussed in specific HRM activities) and to willingly transfer opportunities to less fortunate people. For Middle and Low Income (particularly recently industrializing and agricultural countries) there will be disappointments and improvements will not happen as quickly as their populations will expect or desire. The solutions for humanity will not be without problems and great changes will take place within the world of work. Yet there is cause for optimism. When we consider, for example, how the environmental damage to the ozone layer has been stopped, and perhaps reversed due, to concerted action by many nations (Speth 2004) it seems that when the problems are recognized and it is realized that we are all inhabitants of one world then human ingenuity could find solutions. At the very least HRM can make contributions to stop problems becoming worse.

3.3 HRM Sustainable Practices

As we read through the chapters "Sustainable HRM in the US", "Sustainable HRM in East and Southeast Asia", "Sustainable HRM in Europe", "Sustainable HRM in Peruvian Companies", "Sustainability and HRM in International Supply Chains", and "The Relevance of the Vision of Sustainability to HRM Practice" it is clear that many practitioners are working hard to develop and apply more Sustainable HRM. There is much more variations in the debate among HRM professionals on what is meant by 'Sustainable HRM' which reflects their day to day contact with the gaps, overlaps, paradoxes, conflicts and contradictions within the overall terms of sustainability and of even of the function of HRM. The intentions of Brundtland (WCED 1987) and Elkington (1998) seem to be excellent although those charged with delivering sustainable practices soon realize that there are many obstacles between good intentions and delivery.

We saw, in chapter "Sustainable HRM in the US" (by Taylor and Lewis), that in the USA financial concerns are paramount and the belief is that anything which is good for the employer is good for the employee. In that context the Sustainable HRM endeavors to deliver efficiency and effectiveness. The focus is on the short term although some employers and researchers do have a long term vision of the contribution of more sustainable ways of working with people. This longer term view is found more often in Europe as we observed in chapter "Sustainable HRM in Europe" when the authors discussed not only HRM practices and strategies but also the need to deal with multiple stakeholders. This view beyond the financial bottom line and the need to keep shareholders and senior managers happy resonates with Hobelsberger's (chapter "Sustainability and HRM in International Supply Chains") analysis of the need to enforce Sustainable HRM ways of working in suppliers and business partners in order to avoid arms-length providers being used to hide malpractice. This hiding of unsustainable and harmful ways of undertaking HRM seems to be prominent in Asia where Debroux shows in chapter "Sustainable HRM in East and Southeast Asia" that even wealthy countries and companies, such as those in Japan and Korea, aim to provide growth and profit at costs to wider society. Asian companies have enabled core employees to look forward to rapidly improving material standards of living and have often shared these improvements with the wider population through employment creation and building skill levels. Yet these companies are often built upon the exploitation of natural resources in other places and on exploitation of non-core workers.

The Peruvian examples in chapter "Sustainable HRM in Peruvian Companies" (Pipoli, Fuchs and Prialé) show that employers are looking inwards and mainly within the HRM function when considering sustainability. The companies which responded to the research by Pipoli and her colleagues seem to practice discrimination with particularly negative impact on female employees. Companies were mainly intent on attracting and retaining employees with less interest in managing for the good of people beyond the direct employees or shareholders – in ways redolent of the North American system rather than the Swiss model the authors had hoped would be used. Taking a more detailed look at the methods employed within the HRM function Harry, in chapter "The Relevance of the Vision of Sustainability to HRM Practice", looks at the ways that HRM can support and change business strategy as well as business activities to encourage more sustainable ways of working. The role of HRM in being of use to the whole organisation and wider society is highlighted with recommendations that the profession moves away from being concerned with rules and regulations so becomes more interested in engaging, developing and empowering employees.

3.4 Beyond Greed

We hope that as the reader has considered the chapters of the book it is apparent that thinking beyond the next quarter's financial results, personal incentive bonuses or the current share price is of fundamental value to organizations (government, commercial and third sector), to communities and societies, to the global environment today and in the future. Although some 'pirate' or unethical organizations can survive and prosper in the short term it is quickly apparent that if more than a minority of individuals and organizations think only of their immediate and selfish objectives then the total social and physical environment will collapse (see for example Diamond 2005). "Greed, for lack of a better word, is good" (to quote Gordon Gecko 1987) but only if there are enough victims to be preyed upon. If all or most actors are exploiters then greed will lead to disaster for the greedy as well as their victims.

We believe that humanity will be concerned to work in sustainable ways but even if the future wellbeing for the existing and future population is not enough to convince people to be considerate of themselves and others we believe that pure self-interest will lead the majority to manage in more sustainable ways. If those in the High Income Countries want to maintain their living standard at the levels of the richest Western countries (many of which have demographic problems caused by a shrinking workforce) these countries will have to invest in workability and employability. It is not likely that societies will accept (or afford) that people are not enabled to work until the regular retirement age as it is the current practice in many countries. In this sense it is pure self-interest to improve working conditions and organize work more sustainably. Nevertheless, even if we cannot make things better by our actions at work we should certainly not take courses of action or inaction which will make things worse for our fellow inhabitants of this world or for future generations.

4 The Conceptual Challenges of Researching Sustainable HRM

This edited volume has brought a few conceptual challenges to the fore that will need to be addressed by future research on Sustainable HRM. First, the development of a common, conceptual ground is required that is sufficiently distinct from traditional, strategic approaches to HRM to absorb the paradigm shift addressed in this book. Second, this conceptual ground must be open to disciplinary plurality because we assume that interdisciplinary efforts will be more likely to lead to progress in research on Sustainable HRM. Third, the knowledge created needs to be relevant for organizations and HRM although it may mean that research challenges real world practice in terms of what is necessary to make organizations and HRM more sustainable and that practice teaches research about the most efficient and effective ways of implementing Sustainable HRM.

4.1 Developing a Multi-disciplinary Understanding of Key Concepts

We hope that by this stage in the book the editors and authors have convinced the reader that 'sustainability' is not a buzzword, a fad or fashion, However, it will have become apparent within the book that there is not a commonly accepted agreement on what is meant by 'sustainability' in the context of HRM. Sustainability, sustainable organization and Sustainable HRM are terms which seem to be highly contextual and observer dependent (see also chapter "Sustainability and HRM" in this book). Yet it is clear that the concept of sustainability is important to business, organisations, communities and individuals.

4.2 The Challenge of Reconciling Business Logic and Ethical Values

We clearly see the relevance of both an economic rationale and ethical dimension of sustainability for HRM, one of the themes that have been an issue in this volume. The relevance will depend on the specific situation in different countries in the world. Some countries dealing with a shrinking and older workforce could find it much more economical to sustain human resources because this will become a basis for keeping their competitiveness. In countries where 'hire and fire' is the norm leadership based on ethical principles is needed to take care of human resources instead of replacing them after they have been "used". In developing and low income countries there is a tremendous wish to be economically successful (for the multitude of benefits which this promises) and again only leaders who recognize, understand and wish to deal with the ethical dilemma will consider sustainable principles.

In all cases there is a chance of reconciling business logic and ethical values if managers could be convinced that we have not only to keep the ethical dimension in the foreground but also can show that a stakeholder oriented management can also contribute to growing shareholder value. This implies a willingness to acquire and apply knowledge along with delivering this knowledge to the responsible managers. Over the long run this has to be part of management learning at universities and institutions of further education as well as in the workplace.

4.3 Reflections on a Paradigm Shift and Multi-paradigm Research

To encourage societies, organizations, functions and individuals to develop ways of managing sustainably is going to require a number of paradigm shifts. Some of these shifts will involve major innovations in ways of using the riches of the earth in ways which are not damaging to the environment (physical and social). During the development of the human species greater problems have been met and solved so we are optimistic that if sufficient prominence is given to the scale of the problems then human ingenuity will produce ways for humanity to survive and prosper but not at the cost of losing the existing environment.

Some of the paradigm shifts will be in the responsibility that each individual and each organisation owes to other individuals and organizations. This is not to suggest a socialist utopia nor does it suggest just tougher laws but it does mean that the costs of causing harm to others must be placed upon those who cause the harm. Carbon taxes are a start in the direction of 'making the polluter pay' Economist (2011) but so far these are not a shift in ways of thinking and working but often seem a just another way for governments to raise tax and financiers to make a profit.

The paradigm shifts might seem remote from the individual but the individuals (as employers and employees, managers and workers as well as customers and potential customers) can make a difference. It will be possible to make a shift in thinking and acting away from the immediate target or event to the long term, from the dollar at the end of the day to the value created over a lifetime, from short courses to long term learning and from single minded competition to competition through cooperation. The demographic development in some countries such as Germany are slowly changing attitudes regarding the employment of older people and the relevance of a corporate health management including the improvement of working conditions. As Germany has a shrinking work force the country has to "sustain" human resources to keep its competitiveness. Such a situation urges companies to take a longer perspective. Similar problems can be seen in China when regarding the consequences of the 'one-child-policy' and its impact on the availability of a working age population. Meanwhile there are other parts of the world where we have contrasting developments and where there is, for example, an urgent need to improve working (and therefore living) conditions which can be within the power or responsibility of companies and customers in rich countries. Recent publications about the working conditions within the suppliers of the information and communications technology industry (such as Foxconn of Taiwan in its operations in mainland China) and child labor for a supplier company of Samsung show an increasing public interest in working conditions in which their goods and services are produced. Therefore, more and more Western companies are likely to take care that their supply chain is "clean" – which again creates the chance for improving working conditions with the goal of decent work – as was shown by the activities of the ILO (see chapter "Enterprise Sustainability and HRM in Small and Medium-Sized Enterprises" in this book).

As different research projects show the best way of improving working conditions in low income countries is to improve competitiveness (see chapter "Sustainability and HRM in International Supply Chains" in this book). As a consequence work can become smarter (rather than harder) and the financial results (including personal pay and reward) better. As individuals it does seem that the younger generations have very intentions which differ from those of older people. Generation Y (those born from the mid-1970s to the mid-1990s) and Z (those born from the early 1990s) have different values and different perspectives from those of their parents and previous generations. In China, for example, the youngsters are much more inclined to spend all of their income each year while their parents expected to save around 30 % of their annual income (Bergstrom 2012) for their old age and health care costs- issues in which the young and healthy are less interested. These spending patterns of young adults increase the market for consumer goods and luxury items. However the generation Y and in the future the generation Z in Europe and North America (see chapter "Sustainable HRM in the US") are much, much more aware of the potential damage to the environment and societies, which they hope to live within for another 50 years or so, than those who are expecting to come to the end of their lives in the next few decades. Employers are finding that a reputation for caring about sustainability (in its fullest sense) are likely to be of much more attraction to young candidates than are immediate financial rewards or promises of career advancement (King 2005).

These paradigm shifts will not come without any effort and it is probable that the shifts will take a lot of time – time which may not be available. Some shifts may not happen at all. A paradigm shift, itself, has several preconditions. First is knowledge about sustainability. Second acceptance of the need to be more sustainable in plans and actions might be related to the 'reward-systems' in which damaging activities might be encouraged or at least not discouraged. To discuss only these two points, we can ask what does (top) management know about sustainability? Did the top management learn something about this issue during their studies or earlier careers - when such matters might not have had prominence? Are there reward systems leading to genuine consideration of sustainability issues? Has sustainable behavior been a criterion for their selection to top management roles? Has the organization relevant training programs to support, maintain and extend knowledge of the sustainability factors? Is sustainability a relevant and identified crucial topic within the organizations' objectives? Does sustainability play any role within selection, induction, learning, career development or remuneration systems? Are shareholders and stakeholders aware of the debate on sustainability and the long term consequences of the organizations management systems and decisions? Just these few questions may show that an organization might not be prepared for sustainability or sustainable behavior. Which leads on to the question of what could HRM contribute to improve of this situation?

5 The Empirical Challenges of Researching Sustainable HRM

There are many empirical challenges in researching Sustainable HRM. The gap is huge as little work has been done on the subject. Meanwhile one of the difficulties has been that companies have only recently discovered their interest in the topic of sustainability and HRM – which means that also HRM representatives have only recently started to understand how important their function could be in the transition to more sustainable business organizations. The chapters in this book have provided many examples and ideas for circumstances and issues that need to be researched so we do not need to repeat these. Instead, we will provide some further challenges and questions for future research.

5.1 Challenges for Qualitative Empirical Research

Qualitative empirical research may address the normative ethical perspective in asking under which circumstances normative goals are helping to introduce Sustainable HRM as part of an organization's sustainability strategy. What are the underlying circumstances for the success of such concepts? Do these circumstances only existent during apparently economically successful periods of time? Is the normative ethical perspective to combine with a functional, substance oriented perspective? Which preconditions has management to fulfil? Under which underlying circumstances does the functional perspective work best? Which roles are the HRM department playing? How can we see the difference between 'serious' sustainable development and 'green washing'? Which instruments could be used for such an assessment? Are the HRM departments capable of meeting these challenges? Can the HRM function justify a leading role or is HRM – if seen as 'not value adding' – not in a position to convince top management? How can 'best practice' be defined in the sustainability context? Where does the knowledge of sustainability come from? Are there business cases and best practices which could be shared? How do employees perceive practices of Sustainable HRM? Do they understand, appreciate or do not believe that their top-managers now require them to act in a more sustainable way? In addition, many, many other challenges, imponderables and questions.

5.2 Challenges for Quantitative Empirical Research

There is a need for quantitative data regarding the state of the art of Sustainable HRM as the chapters of this book have shown. How many organizations are involved in the process of sustainable development and have a respectable HRM strategy and practice? Are these strategies and practices only found in large organizations or can we also find in SMEs? How many organizations (in which parts of the world) are driven by a normative ethical concept and how many prefer the functional, substance oriented perspective? What are the underlying circumstances leading to these decisions? How many institutions are delivering relevant and useful knowledge?

To conclude, above all, we need organizations that are willing to be researched and share their knowledge in how to, or how not to, implement sustainability in their HRM practices and processes. We also need to consider the organization as a whole - not just the narrow confides of HRM. We need stories about success and failure, about conditions for successful implementation, about the implementation barriers and many other matters.

5.3 Researching Sustainable HRM in Different Cultural Contexts

As we have seen in this book, there are various understandings of Sustainable HRM in different cultural contexts. Nevertheless, there are even more differences between countries and regions. To understand these differences much better there is a lot of research needed. Can rich countries 'afford' more sustainability than low and medium income countries? What are the responsibilities of rich, especially Western, countries for their partners in developing countries regarding sustainability? Is there enough support of holistic type – that is offering wide consideration and action not piecemeal or isolated interventions? Can competitiveness and working conditions and ecology be improved all at the same time? Is one, or the main, problem that Western organizations do not understand the cultural context of their partners? Do such organizations urge their partners to see the world the way they do?

6 Concluding Comments

We would like to finish with a story of the !Kung San (previously known by many foreigners as the 'Bushmen') of the Kalahari. Mutwa (1964) and Shostak (1981) describe the arrival of the European and the Bantu people into southern Africa and their attitudes to the humans who were already living in the region. The Boer settlers saw the !Kung San wandering in the Kalahari Desert with almost no material culture (only a few gourds for carrying water, digging sticks and simple food preparation equipment as well as animal skins) and thought how primitive these people must be to have almost nothing, in such a harsh land where we have weapons, clothes and pack animals to enable us to survive. The Zulu warriors with their military organisation along with their knowledge of agriculture and material culture saw the !Kung San and thought these must be very advanced people to be able to live and raise their families in such an environment with so few possessions.

Do modern people need to have lots of expensive material possessions, complex organisations and methods of exploiting the resources of the earth to be advanced human beings? After all the !Kung San lived in southern Africa for millennia and perhaps since the earliest time when humans evolved. We are not suggesting that humans discard the advances of medicine, technology, education, food production and ease of living which have been developed in the industrialized and post-industrial ages of the past two centuries. However, we do believe that greater attention has to be paid to what is important in work, life and human development. The real shift in paradigm will be in ways of thinking and ways of acting (King 2005) so that this and future generations will be able to enjoy the bounty which the earth supplies in ways which enhance our lives and those of our fellow humans as well as other life forms of the planet. It is a challenge for all of us to develop

Sustainable HRM systems, organizations and modern life styles to make this possible. The work on this book has shown that sustainability and HRM can be a discouragingly massive and demanding topic if looked at the global dimension. However, we would like to encourage our readers to make sense of the meaning of sustainability for their own lives and contexts, for dealing with individual and organizational resources and to think about which changes this would require, how obstacles can be overcome while paradoxes and tensions are resolved that currently hinder putting these individual or organizational HR practices and strategies into practice.

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