Beyond strategic human resource management: is sustainable human resource management the next approach?

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Strategic human resource management (SHRM) emerged as a dominant approach to human resource management (HRM) policy during the past 30 years. However, during the last decade, a new approach to HRM has evolved. This approach has been labelled sustainable human resource management (sustainable HRM). It is an approach that seeks to link HRM and sustainability. The term sustainability is fraught with semantic difficulties, as is conceptualising its relationship to HRM. Consequently, sustainable HRM is viewed in a variety of ways. This paper examines the major features of SHRM, some of the meanings given to sustainability and the relationship between sustainability and HRM. It then outlines the major characteristics of sustainable HRM. Although there are a diversity of views about sustainable HRM, this approach has a number of features which differentiate it from SHRM. It acknowledges organisational outcomes, which are broader than financial outcomes. All the writings emphasise the importance of human and social outcomes. In addition, it explicitly identifies the negative as well as the positive effects of HRM on a variety of stakeholders; it pays further attention to the processes associated with the implementation of HRM policies and acknowledges the tensions in reconciling competing organisational requirements. Such an approach takes an explicit moral position about the desired outcomes of organisational practices in the short term and the long term. Sustainable HRM can be understood in terms of a number of complimentary frameworks.

Keywords: approaches to HRM; links between sustainability and HRM; organisational performance; strategic human resource management; sustainable HRM

The concept and processes of strategic human resource management (SHRM) developed in the late 1970s and the 1980s as a way of managing employees in an increasingly turbulent and fast-changing, uncertain environment. SHRM explicitly linked people management policies and practices to the achievement of organisational outcomes and performance, most particularly financial and market outcomes. Although some SHRM frameworks recognised the influence of employment policies on behaviours, productivity and other employee outcomes, the value of these outcomes was reflected in their contribution to organisational performance, rather than any value accruing to the employees (Miles and Snow 1984; Schuler and Jackson 1987; Lundy and Cowling 1996; Lengnick-Hall, Lengnick-Hall, Andrade and Drake 2009). A significant body of research was conducted on the link between human resource management (HRM) practices and financial outcomes (Huselid 1995; Pfeffer 1998). This research was complemented by research on the mediating factors resulting from HRM practices which contributed to these financial outcomes (Richard and Johnson 2001; Macky and Boxall 2008).

A more recent approach to managing people has emerged. This approach explicitly recognises the impact people management policies have on both human and financial outcomes.
outcomes. Unlike the emphasis of the SHRM approach, this approach explicitly recognises the legitimacy of organisational practices, particularly HRM practices, in furthering a wider range of outcomes. These outcomes could include impacts on individuals or groups within an organisation (human outcomes) and impacts on groups of people and the relationships between people (social outcomes). This alternative approach also includes writers (Avery 2005; Dunphy, Griffiths and Benn 2007) who explicitly acknowledge the impact of HRM on ecological/environmental outcomes. In addition, this approach explicitly acknowledges the shadow side of HRM, that is it acknowledges the possibility of the negative impacts on human, social and ecological/environmental outcomes. This more recent approach has been labelled sustainable human resource management (sustainable HRM). The term sustainable HRM has been conceptualised in a variety of ways. It has been referred to in different countries and HR-related literatures (Wilkinson, Hill and Gollan 2001; Mariappanadar 2003, 2012; Ehnert 2006, 2009; Clarke 2011). The literature on sustainable HRM has developed during the past decade and it represents an attempt to grapple with the relationship between HRM practices and outcomes beyond predominantly financial outcomes.

This paper is concerned with exploring whether the sustainable HRM approach to managing people in work organisations represents a new approach to managing people. The first part of the paper examines the concepts of and relationships between sustainability, SHRM and HRM. The second part examines sustainable HRM as an approach to managing people. The third part explores the issue of whether sustainable HRM represents a new approach to managing people and draws out the features at the heart of sustainable HRM. This is followed by a conclusion which draws out the possible future development of sustainable HRM.

Concepts, definitions and relationships between sustainability, SHRM and HRM

There are considerable semantic difficulties associated with the definitions of terms sustainability, SHRM and HRM. There are no definitive definitions and their meanings vary according to the factors that frame their consideration. These factors include the assumptions, theoretical frameworks, stakeholder interests, the time frame used and the national and industry contexts in which the concepts are considered.

Sustainability

Sustainability is an imprecise term that has evolved since its application in the contexts of the environment and population growth. Discussion about sustainability was fuelled by the Brundtland Commission of the United Nations. The Brundtland Commission (the Commission) took a broad view of sustainable development which was global, long term and took into account a variety of stakeholders. It identified three pillars of sustainable development. These pillars were economic, social and environmental. This approach reflected not only the Commission’s concern for the degradation of the environment, but also concern for the social impact and continued waste of HRs resulting from the prevailing nature of economic growth and development (Brundtland 1987).

As Ehnert and Harry (2012) highlight, the Brundtland view of sustainability provoked interest in a range of concepts concerned with the responsibilities of business. These concepts include corporate social responsibility (CSR) and corporate social performance (CSP). The essence of CSR is that organisations have not only economic and legal responsibilities but also ethical and philanthropic responsibilities. The concept of CSP
extends CSR by emphasising the organisations impact on the social sphere and assessing performance in terms of the measurement of the organisations social goals (Carroll 2008). By their very nature when these concepts of responsibility are considered within the context of work organisations, they require consideration of the impact of organisational activities on a number of stakeholders. They also enable an assessment of organisational outcomes, performance and impacts beyond just the financial and economic arena.

The Brundtland approach has been applied to organisations and businesses and can be regarded as one way of understanding sustainability in the world of business. This approach builds on the concept of the three pillars by proposing that three organisational outcomes, financial performance, social and ecological/environmental impacts, need to be considered as dimensions of organisational performance (Elkington1997). This approach focuses on both the external impacts of an organisation and the internal impacts. It also views sustainability in terms of short- and longer-term impacts on a variety of stakeholders.

This stakeholder approach to sustainability is informed by an open-systems framework which recognises the interconnection and interaction of stakeholders, organisational systems and sub-systems, social systems and the environment in which these systems operate (Benn and Bolton 2011, p. 218). Accordingly, in order to take actions to further sustainability, members of organisations are required to engage a variety of stakeholders who will have different perspectives and values. Engagement in this process therefore requires an acceptance of ambiguity, uncertainty and the development of the skills required to understand different perspectives or mental models (Kramar 2009).

An alternative way of understanding sustainability is to frame it in terms of businesses operating in a neoliberal form of capitalism, rather than acknowledging the need to take into account a range of stakeholder interests. When this approach is taken, sustainability gives precedence to one stakeholder, the owners, usually the shareholders of business organisations. Friedman (1970) is well-known for promoting this approach to sustainability. He argues that managers and executives are agents of the principals of the organisation and are therefore primarily responsible to them. When this principle is applied to business organisations, particularly corporations, he claims

In a free-enterprise, private property system, a corporate executive is an employee of the owners of the business…. Direct responsibility to his employers. That responsibility is to conduct the business in accordance with their desires, which will generally be to make as much money as possible while conforming to the rules of society. (Friedman 1970, p. 32)

This view is explicitly based on the assumption that market mechanisms are the appropriate way to determine the allocation of scarce resources. Clearly then, managers and executives are not responsible to other stakeholders or for outcomes beyond those of the short- and long-term financial outcomes which benefit the ‘owners’ of the organisation. Therefore, some actions which are framed in terms of social responsibility actions, such as investment in amenities in communities or allowing employees to undertake volunteering activities, are in effect designed to further financial/economic outcomes. These actions are therefore undertaken to further the sustainability of the organisation and to ultimately benefit the owners of the organisation. This approach to sustainability, however, neglects the short- and long-term negative impacts on a variety of stakeholders. These stakeholders include employees, members of society, future generations and natural/ecological resources (Dunphy et al. 2007). The essence of this form of sustainability is on organisational survival and longevity.
This paper is concerned with examining the literature on sustainable HRM to determine if this body of literature constitutes a new approach to HRM. As discussed above, this literature could use different interpretations of sustainability. The identification of three interpretations of sustainability by Ehnert (2009, pp. 62–67) provides a useful way of understanding the relationship between sustainability and HRM. These interpretations are responsibility-oriented, an efficiency- and innovation-oriented, and a substance-oriented understanding of the relationship between sustainability and HRM.

The responsibility-oriented approach is based on an open-systems model which informs the first approach to sustainability and which underpins the Brundtland definition of sustainable development. Central to this view is that responsibility to a variety of different stakeholders is undertaken for its own sake, not because it furthers the economic interests of one stakeholder, that is the owners of the organisation. According to this approach performance of the organisation would be measured in terms of a variety of metrics including employee well-being, community well-being and quality of life.

The efficiency- and innovation-oriented approach adopts a view which is more consistent with Friedman’s approach to sustainability and CSR by developing the interrelationships between economic outcomes and sustainability outcomes. Ehnert (2009) captures the essence of this approach when she claims that the objective of the efficiency- and innovation-oriented understanding is to reduce consumption (and costs) or to increase the efficiency of resource exploitation (and value creation) via innovation. Although this approach is framed in terms of a ‘win-win’ for a number of stakeholders, it is still based on the concept of efficiency, consistent with Friedman’s view of sustainability.

A very different approach is taken in the substance-oriented meaning of sustainability. This approach seeks to maintain organisational and particularly the HRs of an organisation, so that consumption and reproduction of resources enable the organisation to survive in the future. Once again, this approach is framed in terms of the open-systems framework. Organisations are therefore required to acknowledge the importance of the value and quality of people within the organisation. Institutions external to the organisation, such as education and training institutions, also influence the availability of the quantity and quality of people available to the organisation.

The term sustainability has been interpreted in various ways. This paper seeks to identify whether a body of literature that can be clustered within a broad group labelled sustainable HRM is a coherent alternative to SHRM.

**HRM and SHRM**

There are also particular semantic difficulties associated with the terms HRM and SHRM. HRM is a broad term that refers to the activities associated with the management of the people who do the work of organisations. This view of HRM extends the definition of Boxall and Purcell (2008). Boxall and Purcell define HRM in terms of activities associated with managing employees. However, increasingly work is being done by people who are engaged to do the work of organisations on contracts other than the employment contracts (Australian Council of Trade Unions 2012). The nature of HRM is broadened by recognising that HRM is associated with more than just managing employees, but also involves managing people, such as sub-contractors, consultants and people on non-employment contract, as well as also possibly managing other organisations in the production of goods and services (for instance, telecommunications organisations). HRM encompasses SHRM (Schuler and Jackson 2005; Boxall and Purcell 2008), which is a more specific approach to managing people. SHRM is an approach to management which
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encompasses those HR strategies designed to improve organisational performance and measures the impact of these strategies on organisational performance (Boxall, Purcell and Wright 2007). A very popular definition of SHRM is expressed in terms of a series of planned human resource activities and deployments designed to achieve an organisation’s goals (Wright and McMahan 1992, pp. 295–320). SHRM therefore assumes that HRM activities need to be integrated with organisational strategic objectives and organisational context. It also assumes that effective HRM activities improve organisational performance (Schuler and Jackson 2005) and that HRM activities reinforce each other, that is they are aligned (Jackson and Seo 2010).

The concept of SHRM is not static, but has evolved in a number of ways. These include the development of theoretical frameworks informing SHRM, views about the specific contributions it could make to organisational performance and the specific ‘bundles’ of HR practices which make a strategic contribution. These bundles include high performance work systems (HPWS) which consist of practices consistent with each other, such as selective recruitment and selections, extensive employee development and participation in decision-making (Arthur 1994; Huselid 1995; MacDuffie 1995; Pfeffer 1998; Combs, Liu, Hall and Ketchen 2006; Macky and Boxall 2008). In addition, attention has been paid to the scope of SHRM, issues associated with execution and implementation, the measures of the outcomes of SHRM and the development of international HRM (Schuler and Jackson 2005; Lengnick-Hall et al. 2009).

However, despite this evolution, the central concern of SHRM has been the contribution of HRM to organisational performance by demonstrating a positive relationship between HR policies and financial organisational outcomes (Frombrun, Tichy and Devanna 1984; Wright and Snell 1991; Nikandrou and Papalexandris 2007). This reflects an approach which is consistent with Friedman’s view of organisational responsibilities to the owners of the organisation, rather than to other stakeholders.

HRM contributes to organisational performance by developing many positive mediating factors including improving productivity, positive social outcomes and reduced turnover (Arthur 1994; Huselid 1995; Patterson, West, Lawthorn and Nickell 1997; Richard and Johnson 2001; Collins and Clark 2003; Peterson 2004; Evans and Davis 2005; Brammer, Millington and Rayton 2007; Boxall and Macky 2009). These positive mediating outcomes contribute to greater cost efficiencies through increased productivity, reduced turnover, better and lower recruitment and training costs (Bachaus, Stone and Heiner 2002; Peterson 2004). Therefore, performing well on these social and human indicators represents a form of strategic investment that has a positive impact on financial outcomes (Daily and Su 2001). The SHRM approach, however, is fraught with difficulties, including failing to take into account a variety of stakeholder requirements, the reality of HRM inconsistencies within organisations, the ambiguities, paradoxes and dilemmas of HRM practice and inadequate account of external influences. In the main, the SHRM literature fails to adequately address the influence of different stakeholder perceptions and national contexts. The short- and long-term financial outcomes are given precedence and reflect shareholder interests. This has been reflected in research which emphasises the relationship between financial, competitive performance and HRM practices (Huselid 1995; Pfeffer 1998) and the recurring claims that HRM practices must be able to demonstrate their contribution to business outcomes and organisational value (Ulrich 1997; Ulrich and Brockbank 2005).

The SHRM literature also fails to adequately address the inconsistency of HRM practice within an organisation. In recent years, research concerned with the
implementation of HRM policy indicates a number of factors limit the implementation of
HRM policy. These factors include the importance of CEOs, middle and line managers in
promoting the implementation of HRM policy throughout organisational hierarchies
(Mayrhofer, Muller-Caman, Ledolter, Strunk and Erten 2004; Bartram, Stanton, Leggat,
Casimir and Fraser 2007; Purcell and Hutchinson 2007; Stanton, Young, Bartram and
Leggat 2010).

Nor does SHRM or HRM acknowledge the complexities such as the ambiguities,
paradoxes, dualities and dilemmas associated with HRM practice (Hampden-Turner
and Trompenaars 2000). It is not a matter of organisations choosing either one set
of practices or another set of practices as in the case of contingency theory. Rather,
‘layering’ of policies occurs in response to the tensions arising from the movement
between the dualities and the dilemmas associated with implementation (Hampden-
Turner 1990; Evans 1999, p. 328). For instance, HR managers are in an ambiguous
position when they have to demonstrate that they are contributing to the financial
outcomes and ‘adding value’ to the organisation, by reducing labour costs, yet at the
same time contributing to the well-being of employees through Work–life balance
programmes.

Most of the SHRM literature also fails to adequately take into account the direct
influence of external factors on HRM practices and policies. The early formulation of an
HRM model by Beer, Spector, Lawrence, Quinn Mills and Walton (1984) did
acknowledge the role of the state and trade unions as an influence on HRM; however, the
influence of the state was not adequately developed. Its complex influence in terms of law,
public sector employer, economic, social and environmental policy and organisational
operation and outcomes are, in the main, neglected (Matinez Lucio and Stuart 2011).
Institutional analysis claims that institutions and social structures within a particular
national context shape the actions and choices made by organisations and individuals
(DiMaggio and Powell 1983).

There is an emerging interest in the future of SHRM and whether it can contribute to
organisations achieving environmental sustainability. To date ‘scholarship focused at the
intersection of strategic HRM and environmental sustainability has yet to reveal itself’
(Jackson and Seo 2010, p. 279). The few writers (Ehnert 2006, 2009; Dunphy et al. 2007;
Jackson and Seo 2010) that have written specifically about this intersection indicate that
SHRM could move in new directions.

Three of these directions include examining process, taking into account various
stakeholder interests and identifying the capabilities required to manage the negative
ecological outcomes of managerial decision-making. The first direction concerns the
importance of focussing on the process of HRM, rather than just the content of HRM
policies. This approach is based on the assumption that an organisation is organic, and
change occurs in an iterative way, and not necessarily in a planned way. As discussed
previously, central to SHRM is the contribution of HRM practices to economic measures
of performance, thus neglecting the interests of other stakeholders and environmental
impacts. Therefore, a second direction involves adopting a broader focus to measuring
organisational performance and the need to take into account a variety of stakeholder
interests. Such a process could involve accommodating competing interests and
contradictions. This process requires particular skills such as negotiation, persuasion and
the ability to be empathic and use dialogue (Gao and Zhang 2006). Third, in addition to the
capabilities required to manage varying stakeholder interests, there are also capabilities
which are required to contribute to environmental sustainability. These include systems
thinking, teamwork, critical thinking, reflection, collaboration, individual self-knowledge
and awareness of values (Dunphy et al. 2007; Taylor 2007; Kramar 2009; Jackson, Renwick, Jabbour and Muller-Camen 2011).

This interest in the intersection between SHRM and sustainability and the proposed directions for future development of SHRM, challenge some of the basic premises and frameworks underpinning SHRM. The first fundamental premise is that HRM choices are made because of their contribution to business or organisational outcomes, even when concerns are expressed about whether HRM practices cause organisational performance results (Patterson et al. 1997; Legge 2005). The second premise challenges the supremacy of the interests of one stakeholder, the owners of the organisation, and requires consideration of the impact on other stakeholders. The following discussion examines the literature on sustainable HRM. The discussion will draw attention to whether this literature challenges these two aspects of SHRM.

**Sustainable HRM**

The term sustainable HRM has been used for more than a decade. The literature is piecemeal, diverse and fraught with difficulties. There is no one precise definition of the term and it has been used in a variety of ways. The writings on sustainable HRM differ in terms of the emphasis given to particular internal and external outcomes. It has been used to refer to social and human outcomes which contribute to the continuation of the organisation in the long term, that is to a sustainable organisation. It has also been used to refer to HRM activities which enhance positive environmental outcomes Green HRM (GHRM), and positive social and human outcomes for their own sake, rather than just as mediating factors between financial outcomes and strategy. As with the terms HRM, SHRM and sustainability, there are definitional issues with the term sustainable HRM.

A number of terms have been used to link sustainability and HRM activities. These include sustainable work systems (SWSs; Docherty, Forslin, Shani and Kira 2002), HR sustainability (Gollan 2000; Wirtenberg, Harmon, Russell and Fairfield 2007), sustainable management of HRs (Ehnert 2006, 2009, 2011), sustainable leadership (Avery 2005; Avery and Bergsteiner 2010) and sustainable HRM (Mariappanadar 2003; 2012). In addition, the term sustainable organisation (Dunphy et al. 2007) has been used. Although these terms differ in the extent to which they attempt to reconcile the goals of economic competitiveness, positive human/social outcomes and ecological outcomes, they are all concerned with acknowledging either explicitly or implicitly human and social outcomes of the organisation. They all recognise the impact HR outcomes have on the survival and success of the organisation. All of the above terms are subsumed in this paper under the broad term of sustainable HRM. In addition, some of the research which explore the relationship between HRM and broad economic, social and ecological/environmental outcomes, but does not include ‘sustainable’ as a term, particularly GHRM, will be considered within the examination of sustainable HRM.

Unlike SHRM, which proposes HRM practices should be designed to further organisational strategy and economic outcomes, a common feature of the writings on sustainable HRM is that HRM practices contribute to the development of human and social capital within the organisation. In addition, some of these writings (Mariappanadar 2003, 2012; Dunphy et al. 2007; Avery and Bergsteiner 2010) also acknowledge that there is a growing concern about the impact of HRM policies on externalities, such as the environment and social and human aspects of society. Some of this literature also (Jackson et al. 2011) acknowledged that HRM practices will influence the extent to which people are attracted to work for an organisation or to purchase its products and services.
The literature on sustainable HRM can be categorised into three groups. A common feature of all of these groups is an understanding that sustainability refers to long-term and durable outcomes. However, the writers in these various categories understand sustainability and its relationship to HRM in different ways. The groups are categorised in terms of their outcomes. One group emphasises economic outcomes and the creation of ‘sustainable competitive advantage’. This group, known as ‘Capability Reproduction’, focuses on the internal impacts of HRM policies (Wilkinson et al. 2001; Ehnert 2009; Clarke 2011). Another group, titled ‘Promoting Social and Environmental Health’, emphasises external outcomes, such as broader performance outcomes including ecological/environmental and/or social and human outcomes (Mariappanadar 2003; Orlitzky, Schmidt and Rynes 2003; Collinson, Cobb, Power and Stevenson 2007). A third group, labelled ‘Connections’, moves beyond just HRM practices and examines the interrelationships between management practices, including HRM and organisational outcomes, which include environmental and social outcomes. This includes the literature on sustainable leadership (Avery 2005). This literature acknowledges the influence of national contexts on management practices while the literature on sustainable organisation explores the relationship between HRM policies and environmental sustainability (Dunphy et al. 2007) and is concerned with the explicit connections between a variety of internal and external outcomes and HRM practices. These groups are not mutually exclusive. However, these three categories provide a simple means of drawing out the major distinctions between the writings on sustainable HRM. These three groups are discussed in the following section.

**Capability reproduction**

There is a substantial body of literature (see, for instance, Ehnert 2009; Clarke 2011; Browning and Delahaye 2011; Wells 2011) which links HRM practices to internal outcomes, particularly economic outcomes. As discussed in the previous section, research using the SHRM framework demonstrates that HRM practices contribute to financial outcomes through mediating factors that represent human outcomes. These outcomes include job satisfaction, engagement and positive psychological contract. Unlike the SHRM literature, sustainable HRM writers who emphasise economic outcomes explicitly identify two performance outcomes for the organisation: economic and social/human. These writers are particularly concerned with fostering economic outcomes and organisational sustainability in the longer term through HRM practices which contribute to positive human/social outcomes.

According to these writers, the concept of sustainable HRM represents a new, holistic approach to people management and it represents an extension of SHRM. This approach argues that particular HRM practices are essential for the development of the human capabilities required to operate in an environment facing environmental, demographic and social pressures (Wilkinson et al. 2001; Ehnert 2009; Clarke 2011).

Ehnert (2009, p. 74) provides a definition of sustainable HRM which recognises the presence of ambiguity and duality. She states,

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

According to Ehnert, ‘the main objectives of sustainable HRM are (1) to balance the ambiguities and duality of efficiency and sustainability over a long-lasting calendar year; (2) to sustain, develop and reproduce an organisation’s human and social resource
base, e.g. help the mutual exchange relationships; and (3) to evaluate and assess negative effects of HR activities on the HR base and on the sources for HR’ (Ehnert 2006, p. 14). This definition extends the previous definitions which focus primarily on outcomes, by also acknowledging the processes involved in sustainable HRM.

According to this definition, sustainable HR assumes that an organisation is an open system that needs to develop and regenerate its HRs at least as fast as it ‘consumes’ them. Dualities and dilemmas for HR practitioners are recognised in sustainable management of HR. HR practitioners are faced with the need to further efficiency and at the same time invest in the development of human capability. Managers in organisations also need to acknowledge the interrelationship between the environment and organisational resources (Muller-Christ 2001 cited in Ehnert 2006).

A wide variety of HRM practices have been found to contribute to these positive internal and external outcomes. These include HRM practices such as collaborative HR development (Browning and Delahaye 2011), organisational structures which facilitate employee participation and direct communication with employees (Donnelly and Proctor-Thomson 2011), work roles and performance evaluation which focus on building on employee strengths and facilitating performance (Wells 2011).

Some of the literature in this category appears to resemble HRM packages such as HPWS or high performance work practices (HPWP), rather than a new approach to people management. However, the difference between these earlier models of HRM and sustainable HRM is the explicit focus on long-term social/human outcomes by the sustainable HRM writers. For instance, Wilkinson et al. (2001) argue that HR sustainability requires a ‘shift in focus from short term corporate survival to long-term business success’ and a focus on positive employee outcomes (pp. 1498–1499).

Writers (Docherty et al. 2002; Docherty, Kira and Shani 2009; Kira 2002) on SWSs also focus on human/social outcomes. They seek to have negative human/social outcomes identified at the individual, organisational and societal level and to develop SWS which result in the renewal and development of the organisation’s human and social capital (Ehnert 2006). They acknowledge the detrimental impact of HR developments such as work intensification, temporary employment, excessive performance standards and ambiguous job roles on individual well-being, organisational culture and family and community health and satisfaction. A central interest of this group is the development of HRM practices that result in positive human/social outcomes such as work–life balance, as well as organisational economic outcomes and sustainable change processes (Docherty et al. 2002; Ehnert 2006). These writers demonstrate characteristics of both the first group and the second group of writers. However, they are not concerned with ecological outcomes.

Most aspects of this approach have been captured in a model described by Ehnert (2009, p. 172). The model is based on an open-systems framework. The model does not adequately capture the negative external and internal consequences of HRM practice. However, these consequences could be added to the model. The model also fails to capture the difference between policy and the practice resulting from implementation and the dualities, complexities and ambiguities in HRM policy and practice. Although the model identifies the socio-economic context of organisations, it does not adequately identify the influences of these contexts, nor do they demonstrate how strategy could be influenced by an organisation’s actions.

‘Promoting social and environmental health’

The second group of writers (such as Mariappanadar 2003, 2012; Orlitzky et al. 2003; Branco and Rodrigues 2006; Collinson et al. 2007) on sustainable HRM identifies the
relationship between HRM and external outcomes which are typically representative of CSR and the triple bottom line (economic, social and environmental outcomes). It is noteworthy that much of this literature identifies the way in which social/human outcomes and/or environmental outcomes contribute to economic and financial outcomes. Therefore, many of these writers reflect the efficiency-oriented approach to sustainability.

The term sustainable management of HR has been used to refer to HRM practices which contribute to both positive ecological/environmental and human/social outcomes, with the intended purpose of achieving economic results (Ehnert 2006). This represents a concern with achieving internal and external outcomes. It has been found that companies which display good social/human and ecological/environmental practices have a positive impact on a business’s financial performance (Orlitzky et al. 2003; Branco and Rodrigues 2006). In addition, companies involved in ethical investments have been shown to have better financial performance than other companies (Collinson et al. 2007), while markets reward companies that are environmentally responsive (Schnietz and Epstein 2005; Wahba 2007). Performing well on social/human and environmental indicators represents a form of strategic investment and is a means of satisfying a variety of stakeholder expectations.

This emphasis on economic outcomes from social/human and ecological/environmental outcomes is reflected in the focus of research and the practitioner understanding of the term sustainability. Walsh, Weber and Margolis (2003) demonstrated that of the 121 papers which empirically examined the relationship between CSR outcomes and corporate financial performance, 100 of these ‘attach CSR to an economic rationale’ (p. 868). This is supported by research on the understanding by HR professionals on ‘sustainability in HRM’ in eight European countries. This research demonstrated that in all countries except Switzerland, the economic outcomes were given primacy (Zaugg, Blum and Thom 2001).

Other writers (Mariappanadar 2003, 2012) within this broad groups focus on the impact of HRM on externalities, particularly social and human externalities. These outcomes include family and community well-being, employee health, government policy and expenditure. These writers are primarily concerned with negative externalities. Negative externalities refers to ‘something that costs the organization nothing for their actions or business practices, but those actions or business practices are costly to third parties’ (Mariappanadar 2012, p. 5). While this acknowledges the impact of HRM practices on external parties, it does not deal with the influence of external factors on HRM.

These writers raise the importance of HRM policies on outcomes other than social/human outcomes. In most cases, these are ecological outcomes. Most writers, however, fail to adequately address the influence of broader macroeconomic factors and they view non-financial outcomes as mediating factors for financial outcomes.

‘Connections’

This group examines the interrelationships between management practices, including HRM and organisational outcomes. These outcomes include environmental, social and financial outcomes. Implicit in these writings is a moral concern with organisations behaving responsibly. The literature on sustainable leadership acknowledges the influence of national contexts on management practices (Avery 2005; Avery and Bergsteiner 2010), while the literature on change for sustainability and sustainable organisations (Dunphy et al. 2007) and the GHRM literature (Renwick, Redman and Maguire 2011) recognises the
interrelationships between environmental practices and HRM and other management practices.

It has been argued that environmental and human/social outcomes are interrelated and contribute to organisational sustainability. The development and implementation of advanced environmental policies and capabilities are dependent on the creation of HRM policies that create trust between employees, management and the communities in which the organisation operates. Dunphy et al. (2007) propose that in order for organisations to provide positive ecological/environmental outcomes, they also need to manage their staff in particular ways. They propose a six-stage model which represents various stages of human and ecological/environmental sustainability. These stages are rejection, non-responsiveness, compliance, efficiency, strategic proactivity and the sustaining organisation. According to these writers, a sustaining organisation is one ‘which fully incorporates the tenets of human and ecological sustainability into its own operations’ and also works to support the application of sustainability more widely (Dunphy et al. 2007, p. 62). Such an organisation has strong corporate values and senior executive support. It has a flexible structure and HRM practices which build the capabilities of the workforce, provide for participative decision-making, diversity management, high levels of workplace health and safety and performance indicators that reflect ethical concerns.

For instance, companies such as Fuji Xerox Australia, Interface and Ikea apply HRM practices to enhance positive social and ecological outcomes. Fuji Xerox is committed to minimising its manufacturing processes on the environment by remanufacturing and it has used HPWS as a means of building a social system in the workplace, which supports this outcome. Interface seeks to completely eliminate any negative impact the company has on the environment by 2020 through actions developed within a framework, known as ‘fronts of sustainability’. An essential component of this framework is the ‘sensitising stakeholders’ which aims to create a culture that improves the livelihoods and lives of a variety of stakeholders, including employees. This culture is built on knowledge about sustainability and its impact on stakeholders. Ikea also seeks to integrate ecological and social sustainability into all its operations. It aims to develop a sustainable workforce with appropriate attitudes. These are developed using a focused recruitment strategy, improving working conditions, providing paid maternity/paternity leave, strengthening health and safety practices, undertaking sustainability training and improving communications (Benn, Dunphy and Perrott 2011).

Similarly, GHRM literature draws out the relationships between environmental management and HRM (Jabbour and Santos 2008). It seeks to expand SHRM so it includes sustainability issues (Osland and Osland 2007; Kramar 2012) and address the role of HRM on environmental outcomes such as pollution prevention (Bunge, Cohen-Rosenthal and Ruiz-Quintanilla 1996; Jackson et al. 2011; Renwick et al. 2011). A variety of HRM policies associated with attracting and selecting, training and development, performance managing, pay and reward systems, and especially employee involvement, and empowerment and engagement have been found to create cultures, climates and capabilities required for positive environmental outcomes (Renwick et al. 2011).

As mentioned previously, there are some writers who explicitly recognise the impact of the national context on the approach to sustainable HRM. This was demonstrated in a comprehensive study (Zaugg et al. 2001) in eight European countries (Germany, Italy, France, Spain, Austria, Great Britain, the Netherlands and Switzerland) and in the sustainable leadership literature (Avery 2005; Avery and Bergsteiner 2010). In the first study, it was found in all countries except Switzerland, ‘sustainability in HRM’ was associated with an economic goal orientation. This approach was derived
from the view that HR outcomes contributed to financial outcomes and the organisations survival.

According to this research, organisations in Switzerland regard sustainable HRM as part of the ‘Swiss tradition of harmonious co-existence of employees, corporations and society’ (Ehnert 2006, p. 8). Employees are regarded as equal partners with management, and are assumed to participate in decisions and take responsibility for their careers. HRM practices improve the long-term development of employees so they are useful to their families and the community. Three practices are regarded as particularly significant: employee development, reward systems and the integration of sustainability into company strategies, goals and culture (Thom 2002 in Ehnert 2006).

According to Avery and Bergsteiner (2010), sustainable leadership ‘refers to achieving futures in which humans live within their ecological and social means, without exploiting other parties’ (p. 30). They (Avery 2005; Avery and Bergsteiner 2010) argue that this approach is dominate in European countries which adopt the Rhineland approach to economic theory, and although it is influenced by the national institutional and social contexts, it is an approach to managing people and a ‘leadership’ philosophy which can be adopted in a variety of national contexts.

Sustainable HRM: a new approach?

Does the sustainable HRM literature represent a new approach to the management of people?

The above discussion indicates that some of the current literature under the umbrella of sustainable HRM does provide a viable alternative way of conceptualising HRM and the processes and outcomes of managing people. Although the diverse sustainable HRM literature does not represent a coherent body of literature, the focus of the three groups of sustainable HRM writers is on the development of human capital as an essential outcome of HRM processes. The literature does challenge the premise that the primary purpose of HRM is the achievement of business outcomes. In addition, a dominant concern involves the longer-term survival of the organisation and the HRM processes and outcomes that can contribute to this survival. Even the GHRM literature recognises the importance of the interrelationships between environmental and human outcomes, and organisational sustainability and performance (Renwick et al. 2011, p. 11).

The sustainable HRM literature does highlight a number of issues which differentiate sustainable HRM from SHRM. The literature encompassed by sustainable HRM represents a tantalising area for development. Sustainable HRM does not preclude aspects of SHRM or personnel management (PM). Just as the SHRM includes the operational activities of PM, so sustainable HRM can include aspects of SHRM and PM. However, for it to represent a significantly different approach to people management it would require a substantially different orientation to SHRM. Other literature does this by challenging the supremacy of one stakeholder’s interests (the owners of the organisation) and moving beyond the focus on business outcomes. Some of the literature identifies a variety of effects on internal and external stakeholders.

In addition, some of the issues raised by the sustainable HRM literature include theoretical, moral, practice, outcomes and process issues. These issues are interdependent. Central to all of these issues is a clear focus on the purpose of the HRM practices. In SHRM, the clear focus is furthering organisational performance, primarily in terms of economic outcomes. A focus for the sustainable HRM literature would be furthering a variety of outcomes, not just economic outcomes, for their own sake (Kramar 2012). These
outcomes would include a range of social and ecological outcomes. Such a focus recognises the interconnectedness of the many aspects of the organisation, the people in the organisation and the external environment.

The sustainable HRM literature raises theoretical issues associated with features of HRM. These features include the dynamic nature of HRM and its outcomes, the interconnectedness of external, internal and individual people aspects of organisations and a requirement to consider outcomes in terms of not just organisational economic outcomes, but in terms of economic, social and ecological outcomes for a variety of stakeholders. An open-systems framework as elaborated in Figure 1 provides a framework that can be used as a model for framing sustainable HRM.

This model builds on Ehnert’s model (2009, p. 172). It takes into account the literature on negative externalities (Mariappanadar 2003, 2012) and SWSs (Kira 2002) and highlights the importance of making explicit the moral position underpinning a sustainable HRM framework. It recognises that some stakeholders will lose as a result of HRM policies. They will lose in the short term (e.g. employees losing their jobs or being overworked) and in the long term (e.g. governments needing to provide for these employees). Therefore, the model acknowledges HRM processes will have negative and positive outcomes on different stakeholders. It also acknowledges the influence of the institutional contexts of an organisation. The economic, social, regulatory and technological contexts are influenced and influence the development of strategy and HRM policies.

As Figure 1 reveals, the outcomes of sustainable HRM can be measured by evaluating organisational, social, individual and ecological outcomes. Measures would need to evaluate outcomes such as the quality of the employment relationship, the health and well-being of the workforce, productivity (organisational); the quality of relationships at work,
organisation being an employer of choice and being recognised among a range of potential sources of labour (social); and job satisfaction, employee motivation and work–life balance (individual); use of resources, such as energy, paper, water use, production of green products and services and costs associated with work travel (ecological). The appropriate measures would need to be developed for an individual organisation and then cascaded down to all employees using HRM practices, such as role design, performance indicators and rewards.

Some of the writers on sustainable HRM raise issues for the practice of HRM. These issues focus on the capabilities, the complexity and ambiguities associated with HRM execution and implementation and the role of HR professionals. The specific capabilities identified are those required to operate in the current and future environment (Wilkinson et al. 2001; Enhert 2006, 2009; Clarke 2011) and particularly in an increasingly fragile ecological environment (Renwick et al. 2011).

Processes of HRM have been framed within the SHRM literature predominantly within a rational view of organisations. The exception is Colbert (2004) who applies a complexity lens to the resource-based view. Although there is no explicit discussion within the sustainable HRM literature about the role of an emergent iterative approach to HRM process, this would appear to be an important process for enabling an exploration of the competing outcomes desired by various stakeholders (Kramar 2012). This literature provides a key to differentiating sustainable HRM from SHRM.

Paradoxes can be represented as two or more contradictions which operate simultaneously. Ehnert (2009) developed a paradox framework for sustainable HRM which illustrates the key tensions between the efficient use of people and maintaining the human capabilities, the tensions between efficiency and substance rationality and relational rationality, and developments over time. This is a very useful framework; however, it is unable to deal with the issue of execution and implementation. This framework is represented in Figure 2.

![Figure 2. Paradox framework for sustainable HRM. Source: Ehnert (2009, p. 175).](image-url)
Writers (Kramar 1992; Bowen and Ostroff 2004; Becker and Huselid 2006; Khili and Wang 2006; Purcell and Hutchinson 2007; Teo and Rodwell 2007; Stanton et al. 2010) using an SHRM approach have paid attention to the issue of execution and implementation of HRM policies. These studies are useful in identifying the reasons for inconsistent understandings of HRM within an organisation, the failure to implement formal policy and the experience of HRM practices.

CEOs, middle and line managers play an essential role in implementation (Mayrhofer et al. 2004; Purcell and Hutchinson 2007). The CEO provides legitimacy to HRM policies, commits resources and influences within-group agreement within the organisational hierarchy (Bowen and Ostroff 2004; Bartram et al. 2007; Stanton et al. 2010). Middle and line managers are essential for the implementation of HRM policies and plans (Purcell and Hutchinson 2007; Teo and Rodwell 2007). These managers are critical for developing employee commitment and they need to behave in ways that are consistent and reciprocated by employees.

Implementation of HRM policies can be enhanced with CEO support and the receipt of consistent messages by line and middle managers and employees. These messages should indicate desired employee behaviour, the link between HRM and performance and the relevance of the policies. At the same time, the HR policies need to be perceived as fair and be understood. In addition, there needs to be a perception of agreement among principal decision-makers and legitimacy of authority (Bowen and Ostroff 2004; Bartram et al. 2007; Stanton et al. 2010). Other factors contributing to effective implementation include the use of cultural and structural changes in developing effective HRM systems, employee involvement, family-friendly policies and making HRM departments accessible (Khilji and Wang 2006). The implementation of HRM is not a neutral process but involves political aspects (Kramar 1992; Bartram et al. 2007; Sheehan, Cooper, Holland and De Cieri 2007), social, cultural and power factors (Kramar 1992). The practice of HRM cannot be explained by rational choice because people involved in developing and implementing HR policies operate in a context of conflicting pressures.

In order to understand the actual practice of HRM, the factors influencing implementation need to be explicitly represented in a model. Figure 3 provides a preliminary attempt to represent these influences. This figure provides additional detail about the translation of policies into practices. This figure can be used in conjunction with Figures 1 and 2 to understand the purpose and processes embodied in sustainable HRM.

The sustainable HRM literature highlights some significant aspects of organisational outcomes which challenge the SHRM view of outcomes. Human outcomes, either for the purpose of organisational survival or for their own sake, are a consistent theme of this literature. In addition, some of the literature explicitly raises the importance of HRM practices for ecological outcomes. The identification of these outcomes has implications for the metrics and indicators of HRM performance. As mentioned previously, the identification and therefore the measurement of negative outcomes, not just positive outcomes, would be an important component of sustainable HRM. In addition, these outcomes would include outcomes, within the organisation and outside the organisation. This is done in Figure 1.

SHRM developed in a dynamic turbulent context in which institutions such as trade unions were being challenged and the nature of work was changing with the creation of more part-time and service work. The globalisation of business fuelled competition between organisations and this fostered increasing concern on building shareholder value. It was argued that HRM practices could create this value and deliver results to the business through people (Ulrich 1997; Ulrich and Brockbank 2005). This emphasis on the
The interrelationship between HRM and financial organisational performance is at the heart of SHRM. It is not at the heart of sustainable HRM.

Ehnert’s (2009) definition of sustainable HRM can be modified to take into account these broader outcomes and variety of processes. Sustainable HRM could be defined as the pattern of planned or emerging HR strategies and practices intended to enable the achievement of financial, social and ecological goals while simultaneously reproducing the HR base over a long term. It seeks to minimise the negative impacts on the natural environment and on people and communities and acknowledges the critical enabling role of CEOs, middle and line managers, HRM professionals and employees in providing messages which are distinctive, consistent and reflect consensus among decision-makers.

**Conclusion: the next step towards sustainable HRM?**

Sustainable HRM literature represents an alternative approach to people management. Literature does highlight a number of implications of a sustainable HRM approach for research and the possible practice of HRM. Although it does not represent a coherent body of literature, it does raise the importance of explicitly acknowledging the impact of HRM on more than just organisational economic performance.

It therefore challenges the existing focus of HRM contributing to only financial outcomes, the role of the HR professional as a business partner and the role of human and social outcomes of HRM merely in terms of their contribution to business outcomes. It raises the importance of making explicit the moral dimensions of HRM policy, the interests that are served by policy and the interconnectedness of internal and external outcomes resulting from these policies. A critical aspect of these requirements is the explicit statement of the assumptions which underpin the purpose of HRM.
Within the current uncertain global economic, social and ecological climate, the literature on sustainable HRM will continue to evolve. Sustainable HRM represents a new approach to managing people, by identifying broader purposes for HRM, through its recognition of the complexities of workplace dynamics and the explicit recognition of the need to avoid negative impacts of HRM practices. It is important to acknowledge that aspects of SHRM and PM are an integral part of sustainable HRM. Therefore, organisational outcomes such as return on investment, market share and profit are still part of sustainable HRM, as are operational activities. A body of knowledge on sustainable HRM is developing; however, the challenge of integrating these into management practice in the workplace is indeed problematic.

Some of the suggested measures for evaluating sustainable HRM practices are already used in organisations. These measures include climate, well-being and work–life balance surveys, prediction of future demand and supply of capabilities through workforce planning and the estimation of the carbon footprint of an organisation. However, the implication of a sustainable HRM approach is that these measures are systematically adopted and form part of a broad HRM strategy.

Sustainable HRM will continue to develop as a concept in the future. It takes an explicit moral position, requires a multidisciplinary approach and needs to be informed by theories which enable an understanding of ambiguity, feedback between action and outcomes and complexity. Critical processes will involve iterative and emergent processes, stakeholder management and a recognition of the interdependence of processes at a number of levels. Sustainable HRM offers many opportunities for researchers from a variety of disciplines and an opportunity to improve management practice.

References


