“GREEN” HRM IN PURSUIT OF SUSTAINABLE COMPETITIVE ADVANTAGE

Snezhana Hristova¹, Dusica Stevceska-Srbinovska¹

¹ University American College Skopje, R.N. Macedonia

ABSTRACT: The recent years have witnessed the emergence of “Green” Human Resource Management (HRM) as one of the main strategic concepts which aims to shape employee behaviour to help organizations achieve a sustainable competitive advantage. In practice, organizations have been dedicated to building “green” organizational cultures within their businesses. At the organizational level, the benefits of the implementation of Green HRM are linked with the creation of environmentally friendly organizational culture and work climate that leads to the increased efficiency of various resources, the formation of positive corporate image and increased economic performance. HRM becomes “green” by establishing green environmental objectives and spreading employee awareness through green HR practices for designing eco-friendly environment.

The paper discusses the current trends of “Green” HRM practices in companies based on findings from existing literature, studies, survey reports as well as secondary data. It focuses on the role of the HRM function in creating a ‘green’ culture in companies. Findings suggest that “Green” HRM has become an essential strategic thinking process for the organizations in which human resource departments play an important role in going green and improving organizational performance. The major contribution of this study is to provide an integrative framework linking together the existing literature in this filed and different research work to better explore the relation between Green HRM practices and a goal for sustainability. This paper also adds value to managers by presenting ways to implement “Green” HRM for organizational sustainability achievement.

KEYWORDS: human resources management, strategy, green human resources management, competitive advantage.
INTRODUCTION

The recent years are characterized with an increasing global awareness of companies about the significance of the “Green” HRM. Building organizational as well as individual awareness is very complex, hard and demanding effort. This effort is directed towards creating friendly policies and practices enabling employees to become green for their persona, organizational, social and global benefit.

In the study by Kiron, Kruschwitz, Haanaes and Von Streng Velken (2012) evidence has shown that two thirds of 2,874 managers and executives stated that sustainability was critical to being competitive in today’s market. More than 90 percent of the CEOs thought that sustainability was fundamental for success and competitiveness (Hoffman, 2018). Even though the importance of sustainability in today’s society is widely recognized, some organizations experience difficulties with successfully implementing it. (Brockhaus, Kersten and Knemeyer, 2013).

In general, Strategic HRM is oriented to managing people, culture and business preparing and mobilizing internal tangible and intangible resources towards organization’s future growth. “Green” SHRM is focused on environmental sustainability. Managing people and organization to become green is a real challenge for smart companies. Becoming green means building consciousness about the individual, economic, social and environmental (internal and external) benefits. Eco-friendly environment enables competitive advantage and added value for everyone. Armstrong (2006) defined Strategic HRM as “…organization’s intentions and plans on how its business goals should be achieved through people. It is based on three propositions: first, that human capital is a major source of competitive advantage; second, … people who implement the strategic plan; and, third, that a systematic approach should be adopted to defining where the organization wants to go and how it should get there…”(p.29). This approach emphasizes that Strategic HRM requires continuous change and development of HR strategies, provokes organizational effectiveness and affects overall organizational resources, culture and structure.

Buller and McEvoy (2016) argue that outstanding implementation of the strategy covers a multiplex process of building and harmonizing actions on companies, team and individual level through human resources practices. Other authors, as a concept, define Strategic HRM more closely to the traditional HRM as a development of planned activities in order to achieve organizational goals (Wright, 1992). Author argues that the difference between the new and the old approach to Strategic HRM arises from the different context (environment) in which organizations work. Other authors argue that the concept of Strategic HRM is a new approach of the traditional HRM, mobilizing the HR systems and practices in order to improve the business performance as well as with an intention to achieve competitive advantage (Chopra, 2017).

GREEN HRM AND COMPETITIVE ADVANTAGE

Green SHRM is mainly focused on environmental sustainability. Becoming green means building consciousness about the individual, economic, social and environmental (internal and external) benefits. Eco-friendly environment enables competitive advantage and added value for everyone. Managing people and organization to become green is a real challenge for smart companies. Simplified, if the notion “strategy” means doing something differently than others do (Porter, 1996), then the implementation of Green SHRM is a challenge for
smart organizations for undertaking actions for competitive advantage.

Becoming “green” refers to building individual awareness of being a green person and then creating organizational green strategy goals for their implementation. Therefore, each employee should be sustainable, competent, efficient and socially responsible and motivated in employer-employee relationship building green consciousness to create eco work office space (Bombiak and Kluska, 2018). Hence, workplace could become environmentally friendly if the employees promote the reduction of electricity, reuse of products (ceramic or glass coffee cup, bags), usage of 100% recycled paper, eco (green) cleaning products, organic coffee, tea and green/healthy food during lunch and meetings.

In addition, home working and telecommunication (reduces pollution, saves time and money), using green transport—train, biking or walking (reduces pollution, reduces fuel and car expenses), wear from natural materials instead branded suits (reduces air conditioning and other heating) are also important for going green.

The overall benefits can be stated as follows:

- Improvement in retention rate of employee.
- Improvement in public image.
- Improvement in attracting better employees.
- Improvement in job satisfaction
- Employer branding
- Improvement in productivity and sustainability.
- Reduction in environmental impact of the company.
- Improved competitiveness and increased overall performance.

In a study by Olson (2008) the argument was that companies have begun to transform their existing strategies to green strategies in ways that improve the environment, but still small number of companies have established such strategy. Hitt (2007, p.4) defined strategy as “an integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage” and Porter (1996) argues that strategy is doing differently that others do with intention to create unique value. In addition, “green” means an implementation of “green management” activities. Organizational green strategy management affects internal as well as external environment. Organizational green strategy (Deshwal, 2015; Halawi and Zaraket, 2018) could cover directions for: reducing paper by using on both sides (this reduces electricity as well the usage of trees), reducing refrigerated water for drinking (the usage of natural water will reduce electricity consumption), reducing electricity by using natural light (or minimum number of lights on). As well, the usage of fuel consumption and air pollution might be reduced by using pollution-free vehicles, train, bus, and bicycle or by walking to work. In addition, computers, in offices, should be turned off not to hibernate (this will reduce electricity), using plants in work offices will reduce air pollution, then using organic food, reusing some items in the office rather than throwing them away (bags, bottles etc.). Hence, there is a need for a control mechanism against disruption of green processes (and environment). So organizations should be focused on how and what are the directions of HRM practices for reducing costs (production and labor costs) (Deshwal, 2015; Renwick et al., 2013; Bombiak and Klauska, 2018). In addition, the green strategy should be in order to build employees awareness towards using waste management and recycling, using more telecommunication, infrequent long-distance business travel (Jackson et al., 2011) as well as staff motivation (Renwick et al., 2013; Bombiak and
Klauska, 2018) and towards their involvement (Deshwal, 2015) in improving organizational environmental sustainability.

In the research done by Bhutto and Auranzeb (2016), the authors found out that the concept of green management is still a new approach for organizations, while companies are mainly focused on organizational waste management, recycling and the usage of green products. On the other side, Angelo et al. (2014) found out that the common green objectives of researched organizations are: usage of garbage recycling, usage of energy reducer equipment and low-energy-consumption light. Most organizations use solar collectors, but none of them use locally grown food.

We argue that “becoming green” means primarily building individual awareness of being a green person and then creating organizational green strategy goals and implementing them. Therefore, each employee should be sustainable, competent, efficient, and socially responsible and motivated in employer-employee relationship to achieve green consciousness to create eco work office space (Bombiak and Kluska, 2018). Hence, workplace could be more environmentally friendly if the employer promotes the reduction of electricity, reuse of products (ceramic or glass coffee cup, bags), usage of 100% recycled paper, eco (green) cleaning products, organic coffee, tea and green/healthy food during lunch and meetings. In addition, home working and telecommunication (reduces pollution, saves time and money), using green transport-train, biking or walking (reduces pollution, reduces fuel and car expenses), wear from natural materials instead branded suits (reduces air conditioning and other heating) are also important for going green. These and many others practices constitute a platform for establishing a new branding strategy for sustainability, reputation and for economic, social and environmental contribution. Deshwal (2015) defined sustainable organization as “…undertaking that all together gives economic, social, and environmental benefits-known as the “Triple bottom line” (p.177).

Having in mind above mentioned, we could define organizational green management as a green strategy of increasing employee and organizational awareness for sustainable use of resources enabling environmental sustainability and healthier environment in order to achieve competitive advantage.

**WHY STRATEGIC HRM (SHRM) BECOMES GREEN SHRM?**

In theory, academic researchers (Chopra, 2017) examined the systemic approach of Strategic HRM (SHRM), where HRM practices are seen as Strategic HRM practices and processes. The systemic approach to SHRM underlines HR as an organizational system that builds a platform for sustainable change (Molineux, 2013). It is argued that “Strategic HRM is the usage of high performing work systems (HPWS), which appears as ‘bundles’ or ‘systems’ of HR practices that are implemented together with the intention of improving the productive output of an organization’s workforce” (p.1592). Therefore, the systemic approach is a synergetic approach that enables the change to be sustained through specific HR practices that work synergistically and harmonized with both the business strategy and company’s culture. Thus, environment plays an important role in maintaining company’s sustainability. In this regard, Ren et al. (2018) argue that implementation of the Green HRM requires designing, evolution, implementation and change of HRM systems by understanding relationships between company’s business and the impact on the natural environment.
GREEN HRM PRACTICES

Green HRM practices are a direct function of the green management. Halawi and Zaraket (2018) emphasized that the aim of Green SHRM is to “help an organization carry out its agenda for environmental management to enable it to reduce its carbon footprint and earn human smiles” (pp.19). In this sense, the new orientation towards implementing Green SHRM is a company’s strategic question. In the essence, the goal of the implementation of Green SHRM entails changes in achieving a sustainability of the overall organizational system (people, environment, and practices). In addition, sustainable HRM produces social, human as well as environmental outcomes and leads sustainable organization on a long run (Kramar, 2014). Sustainable environmental performance could be achieved by specific green HRM practices (Bhutto and Auranzeb, 2016).

Beside sustainability, another benefit for implementing the Green SHRM is employer branding. Employees would be attracted by companies that are ready to go green or have implemented green HRM practices (Bhutto and Auranzeb, 2016). In addition, job satisfaction work employees’ commitments are increased in companies with green practices. Authors specified that green HR practices such as recruitment/selection, training, and learning have an important role in organizational environmental performance. Moreover, Cherian and Jacob (2012) in their findings, concluded that green HRM practices improve competitive advantage and overall performance by enhanced employee morale, retention of employees, better public image and attracting employees, increased productivity and sustainability. And finally, the promotion of green values impacts consumer satisfaction (looking organizations that have implemented environmental standards).

In addition, we present a review of the research related to green HRM practices and researched outputs or impact of green practices.

• Angelo et al. (2014) found out that the common green objectives of researched organizations are: usage of garbage recycling, usage of energy reducer equipment and low-energy-consumption light. Most organizations use solar collectors, but none of them use locally grown food.

• Bhutto and Auranzeb (2016) found out that the concept of green management is still new approach for organizations, but mainly companies are focused on organizational waste management, recycling and the usage of green products.

• Cherian and Jacob (2012) found out that green HRM practices improve competitive advantage and overall performance by enhanced employee morale, retention of employees, better public image and attracting employees, increased productivity and sustainability.

• Comparative study across three EU countries Similarities: commitment to environmental sustainability, Differences: in positioning and alignment of the environment and HR function, many factors on a strategic level, performance drivers and cultural dimensions.(Millar et al., 2016)

• There is no Green HRM in the companies, there is no a priority for the HR division regarding this strategy and the HR division plays little to no role in greening HR practices. (Mtembali, 2018)

• GHRM and GSCM positively affect financial and environmental performance (Longoni et. al., 2018)

• HR management could foster the implementation of Natural Resource Based View (NRBV) strategies- pollution prevention, product steward-
ship, and sustainable development—in order to achieve a sustainable competitive advantage (Almada, and Borges, 2018)

- HR practices play an important role (have an impact) in achieving high organizational environmental performance. Employees prefer organizations with Green HRM practices. (Bhutto and Auranzeb, 2016)

- Strong positive correlation exist between environmentally-friendly HR activities and sustainable development (ecological, economic and social) and their practical implementation (Bombiak and Kluska 2018)

- Green HR efforts are focused on reducing and eliminating environmental desecrate, restoring HR products, tools, and procedures aiming to a greater efficiency and lower costs. (Deshwal, 2015)

- Positive relationship between environmental performance with green training and involvement, green performance management and compensation. Green hiring is not in correlation with environmental performance. (Guerci et al., 2016)

- HRM activities are aligned with environmental management and company’s strategies. In some firms, HRM practices (job analysis, selection, performance evaluation, training, and compensation appeared are found unaffected by environmental management. Partial relevance is perceived for the influence of the HRM system for environmental sustainability (Jackson et al., 2011)

**DISCUSSION**

Having in mind that the difference between the old and the new approaches of Strategic HRM arises from the different environment in which organizations work (Wright 1992) and the new approach is focused on competitive advantage (Chopra, 2017) or environmental sustainability (Dubois and Dubois, 2012) we argue that companies have begun to transform their strategies into green strategies (Olson, 2008). Hence, building green organizational awareness means eco-friendly environment conciseness towards electricity, energy, paper, pollution, plants, (Deshwal, 2015; Halawi and Zaraket, 2018) and climate, minerals, water, forest (Dubois and Dubois, 2012) and food (Angelo et al., 2014). Furthermore, waste management (Jackson et al., 2011), reducing production and labor costs (Deshwal, 2015; Renwick et al., 2013; Bombiak and Klauska, 2018) are additional important areas that have an influence on building leadership and corporate strategy (Dubois and Dubois, 2012) for enhancing staff consciousness for involvement (Deshwal, 2015) and their motivation (Renwick et al., 2013; Bombiak and Klauska, 2018) towards improving organizational environmental sustainability. In this context “green” SHRM creates organizational green strategy goals and empowers employees to be sustainable, competent, socially responsible and motivated to create eco work office space (Bombiak and Kluska, 2018). Creating new green branding strategy enables sustainable organization (Deshwal, 2015), increased reputation as well as for economic, social, environmental contribution (Bombiak and Kluska, 2018) and a competitive advantage (Deshwal (2015); Chopra, 2017, Almada and Borges, 2018). On the other hand, not all organizations have full implementation of green strategies (Angelo et al., 2014) because the concept of green management is still a new approach for organizations (Bhutto and Auranzeb, 2016).

In addition, we argue that new orientation of implementing Green SHRM is a company’s strategic question. The process of starting to be “green” translates into implementation of Green HRM prac-
tices that requires designing, implementation and change of HRM systems (Ren et al., 2018) and leads sustainable organization on a long run (Kramar, 2014). Moreover, organization could achieve sustainable environmental performance with specific green HRM practices (Bhutto and Auranzeb, 2016). Hence, Green SHRM practices could be implemented as “bundles” of green HR practices or high performing work practices (Molineux, 2013) in order to improve the green employees’ outputs. In this regard, sustainable environmental performance, employer branding (Bhutto and Auranzeb, 2016) and competitive advantage (Cherian and Jacob, 2012) could be achieved by specific green HRM practices (Bhutto and Auranzeb, 2016). Hence, the process of green recruitment and selection is cheaper, quicker and more efficient (Hosain and Rahman, 2016; Sunita and Sharma, 2017) and green competences should be included in job description (Mandip, 2012; Bombiak and Kluska, 2018). Learning and development is a practice of gaining green competences, knowledge, skills and abilities through trainings and workshops (Bombiak and Kluska, 2018), shared on-line materials and lectures, demonstrations (Khurshid and Darzi, 2016). Payroll system as a practice might be used in cases of rewarding high potential and green conscious employees and iniciatives (Khurshid and Darzi, 2016; Bombiak and Kluska, 2018). As well, non–monetary rewards (Khurshid and Darzi, 2016) and benefit packages (Mandip, 2012) are additional motivational tool for achieved green results. Moreover, green discipline management, as a set of green rules, harmonizes green behaviors with green goals (Bombiak and Kluska, 2018; Mandip, 2012).

In the literature, there are different approaches in exploring the goal of Green SHRM, the scope of key green HR practices as well their impact. According the presented review, HR practices: recruitment, training and development, performance management, payment (Jackson et al. 2011; Cherian and Jacob, 2012; Renwick, Redman and Maguire, 2013; Bhutto and Auranzeb, 2016; Guerci et. al., 2016; Khurshid and Darzi, 2016; Dumont, Shen andXdeng, 2017; Ooi et al., 2017; Sunita and Sharma, 2017; Almada and Borges, 2018; Bombiak and Kluska, 2018 and Saeed et al., 2018) are commonly accepted HR practices for greening. Other authors, added organizational culture (Jackson et al. 2011, Renwick, Redman and Maguire, 2013; Ooi et al., 2017 and Sunita and Sharma, 2017), employee behavior and empowerment (Cherian and Jacob, 2012; Renwick, Redman and Maguire, 2013; Bombiak and Kluska, 2018 and Saeed et al., 2018) as an integral part of the Green HRM practices. In addition, employee relations (Deshwal, 2015), their engagement (Renwick et al., 2013; Ooi et al., 2017 and Sunita and Sharma, 2017) and their motivation (Renwick et al., 2013 and Bombiak and Kluska, 2018), as well as teamwork (Cherian and Jacob, 2012 and Sunita and Sharma (2017) are additionally important for green change. Job design and analysis (Bombiak and Kluska, 2018) also become green. From the perspective of introducing a new strategy, setting green goals (Dumont et.al, 2017), leadership (Renwick et al., 2013) as well as managerial training (Cherian and Jacob, 2012) and stimulating green talent management (Ooi et al., 2017) are additional key green aspects to company strategy. On the other hand, some authors researched the priority of green HR practices and found that there is no Green HRM in the companies, there is no priority for the HR division regarding this strategy and that the HR division plays little to no role in greening HR practices (Mtembu, 2018).

Regarding researched impact of Green SHRM practices, there are different aspects affected by these practices. Green HRM practices have an impact on a sus-
Sustainable development (Khurshid and Darzi, 2016; Almada and Borges, 2018 and Bombiak and Kluska 2018;) environmental management (Renwick et al., 2013 and Sunita and Sharma, 2017) and have relevance for environmental sustainability (Jackson et al., 2011; Millar et al., 2016). In addition, Green SHRM practices impact environmental performance (Bhutto and Auranzeb, 2016; Guerci et al., 2016 and Longoni et. al., 2018), organizational performance (Obaid and Alias, 2015) and employee environmental behavior and awareness (Khurshid and Darzi, 2016; Dumont et. al, 2017 and Saeed et al., 2018). Finally, benefits of implementing Green SHRM practices are connected to the employee retention, better public image, attracting employees, improved productivity and competitiveness (Cherian and Jacob, 2012). On the other hand, Green SHRM practices do not have priority or do not use the full range of practices (Renwick et al., 2013; Guerci et al., 2016; Sunita and Sharma, 2017 and Mtembu, 2018).

CONCLUSION

The paper aimed to explore why Strategic HRM becomes “green”, as well as to present a review of researches devoted to the Green HRM practices and their benefits or impact on environmental sustainability and organizational performance. Findings suggest that in recent years enterprises are willing to implement Green SHRM practices. Strategic HRM becomes Green SHRM because of its importance and fast changing and uncertain environment. In addition, Green SHRM is relatively new, not well researched area and therefore there is still limited evidence. Companies have started to implement Green SHRM in order to build eco-friendly environment that enables competitive advantage and added value for everyone: people, organization and environment. The review of other empirical findings shows considerable evidence of the positive impact of Green SHRM practices on environmental sustainability, environmental development as well as organizational performance. Finally, benefits of implementing Green SHRM practices are connected to the employee retention, better public image, attracting employees, improved productivity and thus on competitiveness. In conclusion, the review has shown considerable evidence of the positive impact of Green SHRM practices on environmental sustainability, competitive advantage and as well as on the organizational performance.
REFERENCES


