

Effect of Sustainable Human Resource Practices on Organizational Performance

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ABSTRACT

Sustainability in human resource management refers to human resources that support a favourable environment and positive human and societal consequences regardless of financial strategies and results. Human resource management should support the creation and execution of company sustainability strategies. Newly developed human resource strategies and methodologies are a part of sustainable human resource management, which aims to achieve long-term organizational performance while also enabling financial, social, and environmental goals. The main objective of the study was to identify the role of sustainable practices in various dimensions of human resource management and assess the effect of such practices on organizational performance. The study utilized an exploratory research design. Information was gathered through a questionnaire using convenient sampling method. A linear regression model was employed to assess the impact of sustainable HR practices on organizational performance. The study reveals that the organizational performance and HR operations are significantly impacted by sustainable human resource practises.

Keywords: Sustainability, Human Resource Management, HR practices, Organizational Performance.

Introduction

There has been a lot of changes in the business operations due to globalization and emergence of technology. The concept of sustainability has gained much popularity and various businesses have identified sustainability as one of the major factor in their business model. Many employees prefer to work with companied with sustainable business model. (Hahn & Figge, 2011). Nowadays businesses are understood the significance of implementing sustainable business practices in all the area. Sustainability is a strategy that encourages the company for the efficient use of financial, natural and human resources to promote the economy, society and the environment for the benefit

of present and future generations. Organizations frequently underestimate the significance of implementing sustainable practises in human resource management and instead limit sustainability to CSR. Frameworks that provide a comprehensive explanation of sustainability are lacking. Organizations should implement the sustainable practices from human resource management because they are the driving force for the success of the organization in the long run. Human resource management practises have a huge impact on how successfully people can improve their abilities, skills, and performance-enhancing techniques. It has been identified that sustainability practices have a positive impact on employees and their performance

(Saeed & Mughal, 2019). These practices have helped the organizations to gain competitive advantage over others. An organisation must practise sustainable human resource management to attract, choose, improve, employ, and release personnel in a manner that is both socially and economically responsible. (Thom and Zaugg, 2004). This shows that there is a need for sustainable human resource management which will create a strategy in managing human assets to attain organizational performance.

Sustainability is described as the process through which businesses should maximise profits while benefiting all of their stakeholders, the economy, and the environment. There are several instances of businesses misrepresenting financial data, adopting environmentally unfriendly business practises, and neglecting their workforce. Many firms have failed to draw a connection between sustainability and practices of human resource management. There is a absence of structures and literature that describe how to implement sustainable practises in human resource management. Hence this study is important to know the different sustainable human resource practises and their effects on organisational performance. The research helps to provide a basic idea on how companies be able to employ sustainable practices in Human resources management which will ultimately support the company's overall sustainable goals in other areas. This is crucial because many businesses make the fatal error of underestimating the value of integrating sustainability into human resources.

Literature Review

In 1997, John Elkington proposed the Triple Bottom Line concept as a thorough and holistic way to illustrate how businesses should adopt sustainable practises (Elkington, J. 1997). A sustainable business model must take into account whether its operations and processes will be advantageous to society, the environment, and the economy. According to this model, a business's stakeholders, such as its employees, make up society (Goel. P, 2010). A study done in 2013 by Mazur.B. highlighted a sustainable business model proposed by De Prins. This model describes the concept of sustainability using three important factors. The first factor is the social component which discusses the interactions between employers and various stakeholders. The second factor is the psychological component, which discusses the many elements that motivate and drive employees, and the third factor is the "green" element, which explains the diverse environmental policies adopted by organisations. According to Bansal (2005) executing a sustainable business model is distinct from engaging in sustainable corporate social responsibility activities. One component of a sustainable business plan is CSR. He also proposed a theory that sustainability is based on resources. This concept states that organisations are naturally reliant on resources. The resource may take the form of the nature, people, or other elements. As a result, it is the duty of an organisation to give back to the society which can be maintained only through a sustainable business model.

Organizational performance is measured not just in terms of financial stability but also in terms of social fairness and environmental credibility (Cohen, Taylor & Muller, 2012). Hahn & Figge provide

another justification for integrating sustainability into human resource management (2011). Their research indicates that organisations are essential to the development of societies in a sustainable manner and that they should adopt a sustainable business model. Organizational performance is not always measured financially in this concept. Furthermore, social, and environmental aspects are used to measure it. Sustainable HRM is a technique for avoiding situations that require undesired organisational change because they frequently place excessive demands on the people involved. Sustainable HRM could assist in upholding employee self-esteem and ensuring their service in the labour market at the time of staff reductions (Thom and Zaugg, 2001). Sustainable HRM focuses on achieving long-term human resource reproduction while also achieving social, economic, and ecological goals (Kramar, 2014). The central role of the HR function fostering sustainable practises through strong, extensive, external, and internal interactions to be crucial. (Malik et al., 2020). HR professionals may use a framework for sustainable hiring and selection practises which is suggested by Jepsen and Grob (2015) on a regular basis. According to him one of the most important aspects of HRM that is crucial for the success of any business is recruitment and selection since it impacts both the performance of the company and the effectiveness of its employees. Pfeffer (2010) proposes that businesses should operate sustainably since having sustainable business models will be advantageous to them in the long term. This is due to the scarcity of the majority of resources in today's world. Therefore, if the corporations behave carelessly, their own

business may suffer in the long run. Ibrahim and Rahman's (2017) study revealed the importance of sustainable HRM practises like training, development, and promotion in ensuring employee retention in the public sector. According to Grossman and Salas (2011), training and development (T&D) improves an employee's job happiness, adds value to their skill set, and encourages strong dedication and improved performance. There should be more training, development, and learning opportunities available to ensure the sustainability of the company. According to Nwude and Uduji (2013), maintenance of an effective compensation system is important for an organization. As a result, the relationship between employee performance and a fair system of compensation promotes long-term organisational success. They state that Compensation and reward systems are the crucial HR practises that effectively support both individual and corporate results. Employees should therefore be provided with competitive fringe benefits and an efficient rewards system by the firm in order to motivate them to work better.

Materials And Methods

A sustainable business model is one where an organisation aims to accomplish the organisational objectives without harming the societal, economic, or environmental aspects. Sustainability has been found to have a favourable effect on the people and the organization's reputation. Businesses frequently neglect the significance of sustainability in the management of human resources, which can have a negative impact on the business in the long run. Hence the sustainable practices should start from the human resources in the organization. This paper's objective is to

examine many facets of sustainability in human resources and how it affects a company's organisational performance.

Objectives of the study

- To study the sustainable human resources practices.
- To evaluate the effect of sustainable human resources practices on organizational performance.

The sustainable practises in different areas of human resource management, such as hiring and retaining employees, employee motivation, and employee engagement, will be the main emphasis of this study. The study will also pay attention to how sustainable human resource management affects the effectiveness of organisations.

Research Methodology

An exploratory or causal research methodology is applied in this study. When there is a causal relationship between the independent and dependent variables, this type of approach is employed. Therefore, this approach aids in understanding how the independent variable affects the dependent variable. Organizational performance is the dependent variable in this study, and sustainable HR practises are the independent variables.

Data Collection Methods

In this study, primary and secondary data were used to study the concepts and assess the correlation between sustainable human resources practices and organizational performance. The primary data was gathered using a standardised questionnaire. The secondary information was gathered from periodicals, journals, articles, and websites. Primary and secondary data were examined, analysed,

and interpreted to draw conclusions. To get the data for this investigation, a convenient sampling method is used. The sample size is 120 respondents from a Bengaluru based survey.

Tools for Data Analysis

The questionnaire's internal consistency and reliability were evaluated using Cronbach's alpha. The data was then subjected to linear regression analysis. This investigation was done to ascertain whether the impact of sustainable HR practises on organisational performance was significant.

Hypothesis

A set of hypotheses are developed to achieve the goals of the paper. The intention of the paper is to evaluate the hypothesis that sustainable HR practises significantly affect organisational performance.

H1: The performance of an organisation is significantly impacted by sustainable HR practises.

H2: The performance of an organisation is not significantly impacted by sustainable HR practises.

Results And Discussion

This part discusses the analysis and evaluation of the collected information. The demographic profile of the respondents shows that there are 79 male and 41 female respondents.

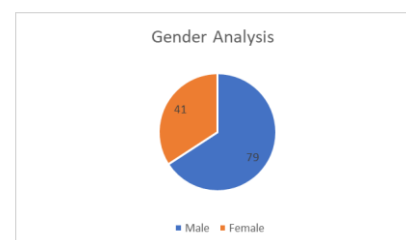


Figure No.1: showing the Gender Analysis of the Employees

The below Figure No. 2 shows that the majority of those surveyed are belongs to age groups of 35-40 and the least number of those surveyed are from the age group above 50.

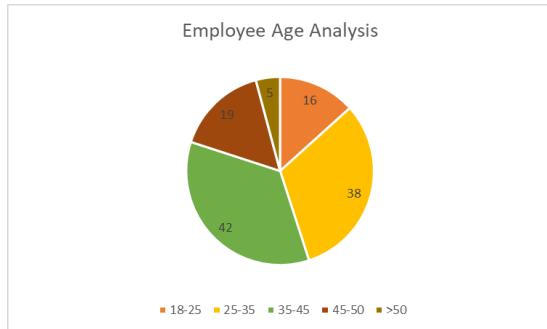


Figure No.2: showing the Employee Age Analysis

From the below Figure No. 3, it is observed that most of the employees are between the experience of 5 to 10 years and the lowest number of employees had more than 15 years of experiences.

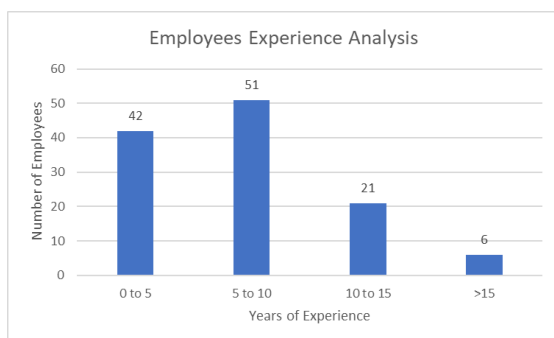


Figure No. 3: showing the Employee Experience Analysis

A structured questionnaire was the survey tool employed for this study. The Likert scale was used to create the questions. The questions included a range of human resource-related areas, including recruitment, motivation, and training. These questions were developed to evaluate

organisations' use of sustainable human resource management practices and how it has affected organisational performance. The reliability and internal coherence of the survey tool were measured using Cronbach's alpha. This approach also aids in determining whether the questionnaire items share any covariances.

Table No. 1: Cronbach's Reliability test output

Cronbach's Alpha	N of Items
0.834	12

The above Table No.1 of the output shows that the Cronbach's alpha value is 0.834. This result is higher than the benchmark value of 0.7, indicating the validity and internal coherence of the questionnaire's questions. Testing this revealed a similar correlation between all the questions, demonstrating that they all contribute to understanding and measuring the same idea of sustainable HR practises.

The effect and importance of sustainable human resource practises on organisational performance was analysed after verifying the validity and consistency of the questionnaire. To evaluate the impact of the same, multiple regression model was carried out. In this study, organisational performance is the dependent variable, and sustainable HR concepts like Training and Development, Performance Management and Motivation, Recruitment and Retention, and Environmental Awareness Activities were considered as the independent factors.

Table No. 2: Model Summary

Model	R	R Square	Adjusted R Square
1	0.507	0.639	0.478

The Table No. 2 shows the value of R Square and this value aids in determining if the study model used is a good fit for the research data as well as how much of the dependent variable's variability is explained by the independent variable. It is clear from table 2 that the R square value is 0.639. This suggests that sustainable human resource strategies can account for 63.9% of the variation in organisational performance.

Table No.3: ANOVA test output

Model	Sum of Squares	Df	Mean Square
Regression	32.170	6	5.531
Residual	108.055	52	2.172
Total	140.225	58	

The above Table No.3 displays the results of the ANOVA test, which aids in assessing whether the independent variables included in this model are successful in prediction of the dependent variable. The sig value of the above test is 0.021, which is lower than the standard p value of 0.05, as it can be shown in table 3. Therefore, this model's independent variables assist in predicting the dependent variable that is organisational performance. This makes it easier to assess the importance of the impact of sustainable HRM practices on performance of organisation. Additionally, it demonstrates the link between sustainable human resource management practises and organisational effectiveness. Table No.4 shows that all independent variables that is Recruitment and Retention 0.015, Training and Development 0.037, Performance Management and Motivation 0.036, and

Environmental Awareness Activities 0.032 have sig values that are less than the standard significance level of 0.05, proving their significance and their important influence on organisational performance.

This suggests that these elements have a favourable impact on organisational success. Therefore, as the use of sustainable HR practises grows, organisational performance also increases. The study conducted allows us to support hypothesis one (H1), which states that sustainable practices of human resource management have a favourable and substantial influence on performance of organization.

Conclusion

The main goal of this paper was to identify whether employing sustainable human resources practises influences how well a business performs. The impact of sustainable human resources on organisational performance has been thoroughly and in-depth reviewed in several papers, journals, and publications.

It is clear from the analysis and interpretation of the data that using sustainable human resources does improve organisational performance significantly. In order to manage the staff in a productive manner, sustainable techniques in various dimensions of human resource management were implemented.

Additionally, workers performed better and had a positive attitude toward the company. Implementing environmental awareness initiatives and integrating staff members in them was another crucial issue. Employees have identified that they have a strong relationship with the businesses that employ a sustainable business plan that includes improving the people,

environment, and economy. The management of human resources must incorporate sustainability, as people are a company's most significant asset. And because people are the soul and the heart of any firm, implementing sustainability into all parts of a business must begin with them.

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