Chapter 7
Role of HRM in Sustainable Organisational Development

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ABSTRACT

This chapter explores the role Human Resource Management plays to support sustainable organisation development by controlling and managing valuable resources including employees of the organisation. The chapter presents the concept of sustainable organisation development as vital and important requirement to survive the competition in the current financial era. This chapter explains that sustainable development could enable organisations to overcome current market problems as well as achieve their goals. The chapter proposes that HRM can play a crucial role in developing strategic leadership and management capabilities and thus promote economic, social and environmental forms of sustainable development.

INTRODUCTION

Sustainability from the environmental point of view is seen as activities that are friendly to the environments (BusinessDictionary.com 2014). Sustainable development means that organisations have to capable to create a development and able to keep it as on-going or continues process. Sustainable organisations have to be able to create development that will meet the current demands, without diminishing future opportunities to fulfil their needs (Vollenbroek, 2002).

Recent, high economic growth and fluctuating market conditions may lead to a complex working situation. This means the role of human resource management HRM need to find solutions to the questions of: How to deal with relationships between and with employees? and how to manage the firm's sustainable development?

This chapter explains the key responsibilities of HRM and in particular the critical role of HRM in organizational sustainable development. Organisations could formulate their creative strategies in order to act more effectively and efficiently in their operations (Zandee, 2011).

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Sustainable organisational development definitions appear to be associated with the relationship between organisation, society and environment. Spooner and Kaine (2010) describe sustainability in businesses as the 'triple bottom line (TBL)', where economic, social and environmental issues are integrated.

Sustainability of an organisation has traditionally been viewed as the three E's being Economic, Environment and Equity. New definitions include the three P's being people, profit, and planet. According to Bowersox, et al (2013) "organisational sustainability can ultimately be refined into the following four dimensions being environmental, social, education, and economic."

1. Environmental Sustainability

Environmental sustainability includes conservation, usage reduction, and efficient business practices (Bowersox, et al 2013). It is noted that public's awareness of environmental issues has been recognized earlier by Drumwright (1994) who proposed that "The deterioration of the environment over recent decades has drastically increased the public's awareness of environmental issues". This type of awareness can either help or hinder a firm's position in the market depending on the firm's ability to manage potential environmental impacts within their functions. This view was also supported by Elkington (1998), who argued that "If we fail to address the wider political, social and ethical issues, the backlash will inevitably undermine progress in the environmental area". In addition, Porter and Linde (1995) also noted "Greening the supply chain can save resources, eliminate or reduce waste, and improve productivity and competitive advantage at the same time". Other scholars such as Bowersox et al. (2013 pp. 403) argue "There is growing belief that under specific circumstances, firms can increase their profits by adopting environmentally sustainable practices".

2. Social Sustainability

Traditionally social sustainability has received less corporate attention compared to environmental issues. In recent times Corporate Social Responsibility (CSR) has emerged as a tool for addressing ethical sustainability include employee relations, community involvement, and ethical business practices (Bowersox, et al 2013). Social sustainability is the economic, legal, ethical, and other expectations that society has of organisations at a given point in time. According to Elkington (1998 pp. 85), "the degree of trust between a corporation or industry and their external stakeholders is likely to be a key factor determining their long-term sustainability". This is particularly pertinent to a firm's ability to operate in a socially sustainable manner, however, following global headline-grabbing events such as the 2012 Bangladesh garment factory tragedy that drew major attention to well-known brands and the extent to which they were, or were not, managing their business in a socially sustainable way. Elkington (1998) highlights that social issues are so relevant to the firm's survival regardless of its position within the value stream (either from a customer or supplier perspective).

3. Economic Sustainability

There are two elements relevant to economic sustainability; namely internal management and external management. However, economic sustainability can be viewed as "The ability of desired performance to be maintained over time" (Bowersox et al. 2013 pp. 48). According to Min and Galle 2001 (p 1222-1238) "Cost concerns are the most serious obstacle for taking environmental factors into account in