Sustainability in Human Resource Management

Ginevra Gravili

Abstract— **Today, to be competitive, many organizations are increasing the sustainable practices into their strategic plan. The way to involve employees and the diffusion of the socially responsible values into the organizational culture can depend to the cultural dimensions of a country. This paper attempts to focus on the relationship between environmental sustainability and culture, interpreting the HRM practices in "green organization" through a longitudinal analysis of Cranet Network based on 1745 firms located in 10 countries in Europe. This study can be used as a guide for managers, giving an indication of the link between environmental strategy, human resource management and culture dimensions across European countries.**

Index Terms— **sustainability, HRM, CSR, cultural dimensions**

I. INTRODUCTION

The diffusion of CSR [1] in the last decade has contributed to the development of a rising interest in linking sustainability to HR issues [2]. Organizations have begun to recognize potential strategic value in pursuing CSR policies [3] and that sustainability is not only a simple application of rules but one which incorporates also a social dimension. In this context, a new green economy is born, in which the capacity of developing new human resource management models is able to create a sustainable work place where there is cohesion and the differences between people may represent an asset to be used to benefit the organizations and the very same people. The tangible and intangible benefits associated with for organization are immense. The presence of CSR in HRM, implementing knowledge sharing, can be a way to integrate environmental practices into an organization. The idea is that the knowledge sharing can help the manager to transform a simple application of environmental rules in knowledge for the organization. The ability to build "green worker" develops "environmental knowledge" that becomes a core competence, a factor that affects the performances and the acquisition of competitive advantages, a factor in which a company learns how to change. CSR became one of the important ways in which an organization can achieve competitive advantage, distinguishing itself from its competitors. It can be useful not only for profit, but also for the brand image and reputation and for " the war for talent". In fact, the use of green practice could help managers to retain employees and attract new candidates. In its true sense, CSR is a way of thinking which permeates all organizational culture involving all resources in responsible behaviors. It is obvious that top management, in general, and Human resource management department, in

particular, have to encourage sustainable processes. In this process, an important role can have cultural dimensions. This is fundamental if we consider that many managers view environmental management as compliance: a lot of environmental regulations, tradeoffs between environmental and economic performance. In this study, our goal is to highlight if top managers in different cultural contexts choose to apply sustainable strategies, analyzing them in terms of using CSR values in HRM in 17 European, gathered through the CRANET research.

II. DEFINITIONS

The terms "sustainability", "sustainable development", "corporate sustainability" and "corporate social responsibility" are used interchangeably by many. Sustainability "is the ability to meet the needs of the present without compromising the ability of future generations to meet their own needs" [4]. It refers to all aspects of social life and environmental impacts.

Sustainable development is indeed "a process of achieving human development. In an inclusive manner, connected, equitable, prudent and safe" [5].

In 1997 Elkington introduced triple bottom line to explain to firms the concept of sustainability. It is performance measurement of an organization pursuing a sustainable strategy. "A company sustainable, then, is one that contributes to sustainable development by offering simultaneously economic, social, environmental". It's central to understanding sustainability [6].

The CSR (corporate social responsibility) is "the sum of the voluntary actions taken by a company to address the economic, social and environmental impacts of its business operations" [7].

At a corporate level, sustainability is the focus on creating of a business model that is sustainable from an ecological, financial and social point of view. It identifies "strategies and practices that contribute to a more sustainable world, create value for shareholders and for the company, at the same time. CSR, however, is responsible for decreasing the negative impacts of corporate actions in the pursuit of a business strategy and, therefore, it is considered largely voluntary and is often practiced at the tactical level without affecting the core business process.

In this paper we use CSR and sustainability as a synonym for Sustainable Development.

III. CONCEPTUAL MODEL - NATIONAL CULTURE AND SUSTAINABILITY

"There are differences in the way that people who identify with different cultures, based on both national identity and gender, manage their communicative behaviors" [8]. For this reason numerous researches [9] have focused on the relationship between environmental sustainability and culture.

This study draws its data starting from Husted's project, extending it also to House's cultural model and Cranet's analysis.

In Husted's study [10], there is a negative correlation between power distance and environmental sustainability, that is, in countries with high levels of power distance there is a low social and institutional capacity for environmental sustainability. Furthermore there is a positive correlation between individualism and environmental sustainability: a country with high levels of individualism has a high institutional capacity for environmental sustainability. On the contrary, a country with high levels of masculinity has low social and institutional capacity for environmental sustainability.

He has tested also effect of economic development on the cultural variables and he found that power distance has a greater impact at higher levels of economic development while masculinity has a greater impact at lower levels of economic development. Economic development did not have a significant impact on the individualism/social and institutional relationship.

Husted concluded that economic development is the main driver of environmental sustainability, and that power distance, masculinity, and individualism" have higher social and institutional capacity", so they are green values.

Another research of Park, Russell and Lee [11] demonstrated that, there is the same relation highlighted by Husted for masculinity and power distance, but high level of uncertainty avoidance is correlated with high level of environmental sustainability, and that no relationship was found between individualism and environmental sustainability. They also found a significant positive relationship between level of education and environmental sustainability. Higher income, with cultural variation controlled for, was not found to be significantly associated with higher levels of environmental sustainability.

In order to discover the impact cultural dimensions have on sustainability, we examined the bivariate correlation between sustainability and cultural dimensions. On the basis of literature review, the research proposes two multiple regression models for statistical testing. In particular, Hofstede's [12] and Globe's [13] cultural dimensions are, separately, uncorrelated with the Environmental Performance Index. Our model analyzes the sustainability of 1745 firms of 10 european countries.

We hypotheses that:

Hypothesis 1. Hofstede or Globe's cultural dimensions influence sustainability.

Hypothesis 2. The relation between sustainability and Hofstede or Globe's cultural dimensions is positive/negative and relevant.

Empirical model

From the theoretical discussion, which introduced sustainability importance in HRM processes, the correlations among cultural dimensions and sustainability are analyzed, to identify appropriated models in different cultural environments.

Dependent Variable

The dependent variable is EPI. It is a method of quantifying environmental performance and it was developed in 2002. It is an aggregation of more than 20 indicators reflecting national-level environmental data and it correspond to the Environmental Sustainability Index (ESI). It was designed by to supplement the environmental targets set forth in the United Nation. It analyzes two principal elements: Environmental Health and Ecosystem Vitality. Environmental Health refers to the protection of human health from environmental harm. Ecosystem Vitality measures ecosystem protection and resource management. These objectives are divided into nine issue categories that include Agriculture, Air Quality, Biodiversity and Habitat, Climate and Energy, Forests, Fisheries, Health Impacts, Water Resources, and Water and Sanitation

The data of the Environmental Performance Index have been extracted from EPI Full report 2016 [14].

Austria	Denmark	Finland	Greece	Italy	Russia	Slovenia	Spain	Sweden	Switzerland
86,64	89,21	90,68	85,81	84,48	83,52	88,98	88,91	90,43	86,93

Table 1EPI of sample

Independent variables

Cultural Variables

Starting with Husted' study, our model aims to analyze environmental sustainability and add it to the analysis of House's culture model.

Hofstede's model analyzes 7 dimensions:

1. Power Distance (PDI) expresses the degree to which the less powerful members of a society accept and expect that power is distributed unequally.
2. Individualism (IDV) measures the degree of how much people are integrated into groups. That means is there a feeling of "we" or "I".
3. Masculinity (MAS) expresses the society`s preference for achievement, heroism, success on the masculine side – or the preference for cooperation, taking care for others and quality of life on the feminine side.

4. Uncertainty Avoidance (UAI) expresses how people, in different countries, deal with uncertainty and ambiguity.
5. Pragmatic (PRA) examines the society's thinking on the present and the future. Long-term oriented societies try to live in a sustainable way – they try to change the circumstances to get a maybe even better future. Whereas short-term oriented societies foster virtues related to the past and present such as national pride, respect for tradition, preservation of "face", and fulfilling social obligations. The Pragmatic dimension was included in 2010 Michael Minkov's survey based on research. This dimension deals with recent values. The results are delivered by the World Values Survey. The Long Term Orientation and the Pragmatic vs Normative dimension are dealing with similar questions and as

a matter of fact the outcome of the survey is very similar but not identical. The Hofstede Centre uses the Pragmatic vs Normative approach for its surveys. The Pragmatic vs Normative dimension describes the desire of people to explain the things, which are going on all around us. In normative societies, people want to explain everything and want to explore the secret how something is happening. Whereas in pragmatic societies people just try to deal with the circumstances and live their way without thinking how things are going on. They are more likely to accept and adapt to different circumstances.

6. Indulgence (IND) is the sixth dimension that was also added in 2010. In a society with a high level of indulgence it is very easy to gratify the natural human drives and basic needs and desires as well as to have fun. In restraint countries the society tries to control every part of human life and restricts the gratification of the mentioned needs by rules and norms

House's model consider nine Cultural dimensions:

1. Assertiveness (ASS) measures how confrontational and aggressive individuals behave in contact with others.

Collectivism is constituted by two indicators, which measure the:

2. Institutional collectivism (IC) on the one hand. It indicates "the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action"[15].

3. In-group collectivism (INC) on the other hand. It is "the degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families" [16].

4. Future Orientation (FO). It is "the degree to which a collectivity encourages and rewards future-oriented behaviors such as planning and delaying gratification" [17] .

5. Gender egalitarianism (GE). Gender egalitarianism is "the degree to which a collective minimizes gender inequality" [18].

6. Power Distance (PD). Characteristics of societies that have high and low power distance.

7. Humane Orientation (HO). It is "the degree to which an organization or society encourages and rewards individuals for being fair, altruistic, friendly, generous, caring, and kind to others" [19].

8. Performance Orientation (PO). It reflects the extent to which a community encourages and rewards innovation, high standards, excellence, and performance improvement [20](Grove, 2005).

9. Uncertainty Avoidance (UA). It is "the extent to which a society, organization, or group relies on social norms, rules, and procedures to alleviate the unpredictability of future events" [21]

Sample of the study – The sample of our analysis consists of 1,745 firms located in 10 countries in Europe studied throughout the Cranet research. Cranet is a network of scholars from universities across the world, representing over 40 countries. Cranet conducts a survey of HRM in member

countries approximately every four years, enquiring into policies and practices in people management through a set of common questions. In this research, we look at dimensions of societal culture, using data from Austria, Denmark, Finland, Greece, Italy, Russia, Slovenia, Spain, Sweden and Switzerland, that have participated Hofstede, Globe and Cranet's studies.
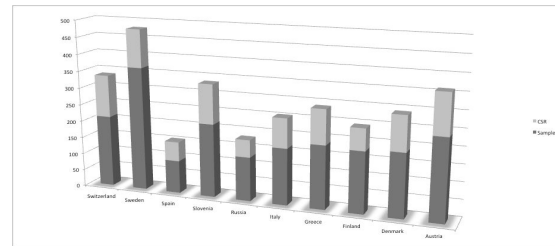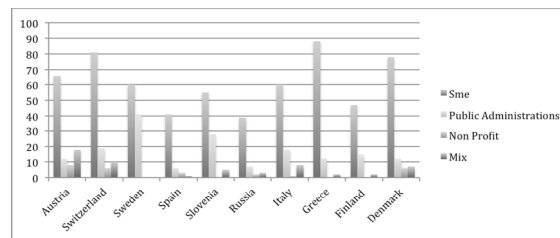

Figure 1 Presence of CSR in sample

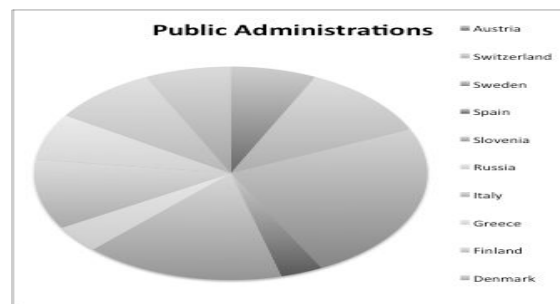Figure 2 Presence of CRS in organizations
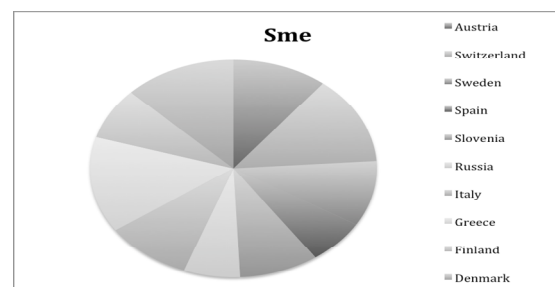

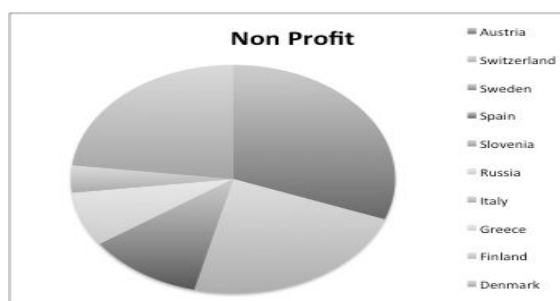Figure 3 CRS in Public Administrations

Figure 4 CRS in Sme's

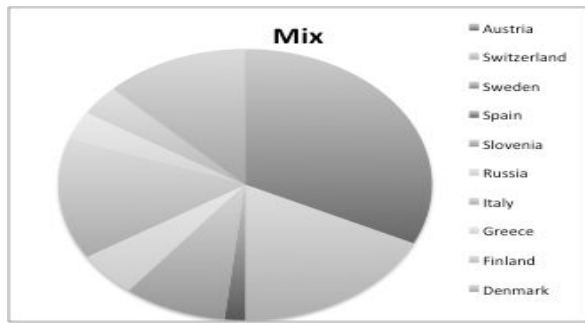Figure 5 CRS in non-Profit Organizations

Figure 6 CRS in Mix Organizations

Our model is based on the following regression, considering as regressors the advanced Hofstede's cultural dimensions:

$$S = \theta 1 PDI + \theta 2 IDV + \theta 3 MAS + \theta 4 UAI + \theta 5\ ND + \theta 6 PRG + e$$

$\theta 1$= coefficient of the PDI, i.e. effect on SM of a change of PDI, holding IDV; MAS; UAI;IND and PRG constant
$\theta 2$= coefficient of the IDV, i.e. effect on SM of a change of IDV, holding PDI; MAS; UAI;IND and PRG constant
$\theta 3$= coefficient of the MAS, i.e. effect on SM of a change of MAS, holding PDI;IDV; UAI;IND and PRG constant
$\theta 4$= coefficient of the UAI, i.e. effect on SM of a change of UAI, holding PDI;IDV; MAS;IND and PRG constant
$\theta 5$= coefficient of the IND, i.e. effect on SM of a change of IND, holding PDI, IDV; MAS; UAI; and PRG constant
$\theta 6$= coefficient of the PRG, i.e. effect on SM of a change of PRG, holding PDI, IDV; MAS; UAI and IND constant
e= errors due to omitted variables

and Globe's cultural dimensions:
$$S = \theta 1 PD + \theta 2 IC + \theta 3 ASS + \theta 4 UA + \theta 5 INC + \theta 6 FO + \theta 7 GE + \theta 8\ HO + \theta 9 PO + e$$

$\theta 1$= coefficient of the PD, i.e. effect on S of a change of PD, holding IC, ASS, UA, INC, FO, GE, HO AND PO constant
$\theta 2$= coefficient of the IC, i.e. effect on S of a change of IC, holding PD, ASS, UA, INC, FO, GE, HO AND PO constant
$\theta 3$= coefficient of the ASS, i.e. effect on S of a change of ASS, holding PD, IC, UA, INC, FO, GE, HO AND PO constant
$\theta 4$= coefficient of the UA, i.e. effect on S of a change of UA, holding PD, ASS, IC, INC, FO, GE, HO AND PO constant
$\theta 5$= coefficient of the INC, i.e. effect on S of a change of INC, holding PD, ASS, IC, PD, FO, GE, HO AND PO constant
$\theta 6$= coefficient of the FO, i.e. effect on S of a change of FO, holding PD, ASS, IC, PD, INC, GE, HO AND PO constant
$\theta 7$= coefficient of the GE, i.e. effect on S of a change of GE, holding PD, ASS, IC, PD, INC, FO, HO AND PO constant
$\theta 8$= coefficient of the HO, i.e. effect on S of a change of HO, holding PD, ASS, IC, PD, INC, FO, GE AND PO constant
$\theta 9$= coefficient of the PO, i.e. effect on S of a change of PO, holding PD, ASS, IC, PD, INC, FO, GE AND HO constant
e= errors due to omitted variables

The Ordinary Least Squares Estimator minimizes the average squared difference between the actual value and the predicted value based on the estimated line.

Existing quantitative databases has been used as data sources and has been previously evaluated.

Data Analysis And Results
In the analysis of our model (Table n.1) we have used software SPSS. In table n.2 and 3 it's possible to see the results of Hofstede's correlation with EPI and of and Globe's correlation with EPI.

	Pearson Correlation
Power_distance	-**
Individualism vs Collectivism	+*
Uncertainty Avoidance	+*
Masculinity vs Femininity	-**
Indulgence	non relevant correlation
Pragmatism	non relevant correlation

Table 2 **Correlation between CSR and Hofstede's model**

	Pearson Correlation
Instit Collectivism	+*
InGroup Collectivism	+*
Future Orientation	non relevant correlation
Performance Orientation	non relevant correlation
Gender Egalitarianism	+**
Humane Orientation	+*
Power Distance	-*
Uncertainty Avoidance	+*
Assertivism	non relevant correlation

Table 3 **Correlation between CSR and House's model**

Thus, we can affirm that regressors are an effective cause of the movements of the dependent variable, that is, the Hofstede's cultural dimensions (PDI, MAS, IDV, UAI) influence sustainability (Hypothesis 1). Also Globe's variables (GE; HO; PD; UA; IC and IGC) influence sustainability (Hypothesis 1). Obviously we have different results. For Hofstede's dimensions there is a positive correlation for Individualism and Uncertainty Avoidance, while there is a negative correlation for Power Distance and Masculinity. For Globe's dimensions there is a positive relation for Gender Egalitarianism, Humane Orientation, Uncertainty Avoidance, Institutional Collectivism and InGroup Collectivism while there is a negative relation for Power Distance. (Hypothesis 2). The results are the same if we consider that Masculinity and Gender Egalitarianism have a different meaning. In Globe's analysis it has a positive meaning (it minimizes gender inequality) and it corresponds with Hofstede's study regarding the level of femininity of a country.

CONCLUSION
HRM, CRS and Sustainability
There is no doubt about the importance of CSR for the implementation of HRM. The presence of CSR in organization implement the attractiveness of a firm because improve candidate perceptions. A good reputation socially implies that an organization's behavior is sustainable both with employees both with the external stakeholders. It means respect for cultural and developmental differences and sensitivity to imposing values, ideas and beliefs. Competitive

organizations must now learn to develop the ability to attract individuals who can stimulate innovation behavior or who know how to acquire the techniques and principles of sustainability. Consequently, the knowledge-oriented organizations should always select subjects that quickly adapted to change.

Sometimes to work in a sustainable firm is more important than the salary [22]. People prefer to work in firms where there is an organizational well-being, that is the set of cultural elements, processes, and organizational practices that animate the dynamics of coexistence in work context, promoting, maintaining and improving the quality of life. A sustainable organization promotes an ethical culture, a respectable and integrated behavior, an empowerment that use collaborative networks, a political of equity, an open and interactive dialogue with stakeholders, a corporate transparency. This improves the creation and acquisition of knowledge, making it less tacit, but available and pervasive, enabling organizations to experiment a sort of virtualization of the chain of value, transferring some phases of the physical chain to a more cognitive dimension, trying to contemporarily manage the two chains of the value in a separate and permanent manner. From this point of view, the learning that feeds the cognitive die is constituted by relationships that give holistic nature to the meanings with which experiences are understood and organized in the life of everyone. Then, if CSR increase knowledge sharing and MAS, IND, PDI and UAI have a correlation with sustainability it is easy to perceive that if managers encourage feminine dimensions, collectivism, planning and less power distance, it is possible for individual, groups and organization to develop knowledge management.

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