

Contributions to Management Science

Ina Ehnert

Sustainable Human Resource Management

A Conceptual and Exploratory Analysis
from a Paradox Perspective

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Dr. Ina Ehnert
University of Bremen
WING Building
Wilhelm-Herbst-Straße 12
28359 Bremen
Germany

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Preface

By focusing on sustainability and paradoxes, Dr. Ina Ehnert has picked up two central challenges Human Resource Management rarely dealt with. The contribution of this dissertation results from the courage to handle both topics simultaneously and to convey to the reader in a comprehensive way that they are reciprocally referring to each other. To reach more sustainability in Human Resource Management, it is necessary to cope with paradoxes in a systematic way. Simultaneously, coping with paradoxes raises the need to look at the acquisition of human resources from a longer-term and more sustainable perspective. Organisations are only durably successful if they manage having access to critical and scarce human resources. If this assumption is accepted, it becomes economically rational to bear in mind the sources of resources for education and attitude and to develop and cherish them if necessary. These investments collide with short-term efficiency-oriented economic interests. Consequently, organisations have to learn to cope with the tensions and paradoxes at a strategic and operational level. Dr. Ehnert develops a framework for a Sustainable HRM from a paradox perspective by extending Strategic HRM and I wish that her study will be broadly recognised.

University of Bremen
January 2009

Prof. Dr. Georg Müller-Christ

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My dissertation time was characterised by the need to combine different areas of my personal research interests (Sustainable HRM, expatriate preparation and training, trust across cultures) with the work expected from me at the University of Bremen in the field of Sustainable Management and in the Collaborative Research Centre (CRC) 637 on Autonomous Logistics Processes. The idea to use “paradox theory” as a theoretical background for HRM has been influenced by my time as a business student at the University of Bayreuth where Prof. Dr. Andreas Remer developed his “dilemma management” and where he also set the foundation for an ecologic business theory developed further by Prof. Dr. Georg Müller-Christ.

As every piece of writing this one was influenced and supported by a number of people to whom I wish to express my deep appreciation. First of all, I would like to thank my internal and external supervisors Professor Dr. Georg Müller-Christ, University of Bremen and Professor Dr. Andreas Remer, University of Bayreuth for their support. I thank Professor Dr. Adelheid Biesecker for her preparedness to discuss my topic in the beginning of my Ph.D. time. Fruitful discussions with my Ph.D. colleagues at the University of Bremen, Germany, at the University of Reading, UK, and in the Dutch Ph.D. network (PHRESH) have contributed to improving my work. In particular, I would like to mention Anna Nehles, University of Twente; Luc Dorenbosch, University of Tilburg, The Netherlands; and Dr. Christine Wycisk, Dr. Jörn Grapp, Linda Austerschulte and Lars Arndt, University of Bremen. I am more than grateful to Ernesto Morales Kluge, Dr. Sylvie Gavirey, and Dr. Michael Freitag who have provided me with extraordinary technical support and friendship. I am very much indebted to Professor Chris J. Brewster, Henley Management College and Reading University, and to Dr. Alex Wright, Open University, Milton Keynes, UK. Both have been and are still fantastic in collaborating and sharing their knowledge.

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University of Bremen
January 2009

Dr. Ina Ehnert

“The blind men and the elephant”

by John Godfrey Saxe (1816–1887)

It was six men of Indostan
To learning much inclined,
Who went to see the Elephant
(Though all of them were blind)
That each by observation
Might satisfy his mind.

The First approached the Elephant,
And happening to fall
Against his broad and sturdy side,
At once began to brawl:
“god bless me but the Elephant
Is very like a wall.”

The Second, feeling of the tusk,
Cried, “Ho! What have we here
So very round and smooth and sharp?
To me’ tis mighty clear
This wonder of an Elephant
Is very like a spear!”

The Third approached the animal,
And happening to take
The squirming trunk within his hands,
Thus boldly up and spake:
“I see,” quoth he, “The Elephant
Is very like a snake!”

The Fourth reached out an eager hand,
 And felt around the knee,
 "What most this wondrous beast is like
 Is mighty plain," quoth he;
 "'Tis clear enough the Elephant
 Is very like a tree!"

The Fifth, who chanced to touch the ear,
 Said: "E'en the blindest man
 Can tell what this resembles most;
 Deny the fact who can,
 This marvel of an Elephant
 Is very like a fan!"

The Sixth no sooner had begun
 About the beast to grope,
 Than, seizing on the swinging tail
 That fell within his scope,
 "I see," quoth he, "the Elephant
 is very like a rope!"

And so these men of Indostan
 Disputed loud and long,
 Each of his own opinion
 Exceeding stiff and strong,
 Though each was partly in the right,
 And all were in the wrong!

Moral

So often in theological wars,
 The disputants, I ween,
 Rail on in utter ignorance
 Of what each other mean,
 And prate about an Elephant
 Not one of them has seen!"

[Source: Mintzberg, Ahlstrand, and Lampel, 1998: pp. 2–3].

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Abbreviations

ABB	Asea Brown Boveri
ABN AMRO	Algemene Bank Nederland and Amsterdamsche Rotterdamsche Bank
approx.	Approximately
Banca MPS	Banca Monte dei Paschi di Siena
BASF	Badische Anilin und Soda Fabrik
BDA	Bundesvereinigung der Deutschen Arbeitgeberverbände
BG	British Gas
BP	British Petroleum
CBHRT	Contextually based human resource theory
CH	Confoederatio Helvetica (Switzerland)
CIMPOR	Cimentos de Portugal
COED	Compact Oxford English Dictionary
CS	Corporate sustainability
CSR	Corporate social responsibility
D	Deutschland (Germany)
DIHK	Deutsche Industrie- und Handelskammer (German Chamber of Commerce and Industry)
DK	Denmark
DSM	Dutch State Mines
EABIS	European Academy of Business in Society
EBEN	European Business Ethics Network
EDF	Électricité de France
EDP	Electricidade de Portugal
e.g.	Exempli gratia (for example)
ESHQ	Environment, safety, health and quality
ESP	Environmental/social performance
et al.	Et alii (and the following)
etc.	Et cetera
EURAM	European Academy of Management

F	France
f.	And the following
FIN	Finland
FP	Financial performance
GHRM	Global human resource management
HPWS	High performance work systems
HR	Human resource
HRD	Human resource development
HRM	Human resource management
ibid.	Ibidem
IBLF	Prince of Wales International Business Leaders Forum
i.e.	Id est (that is)
IHRM	International human resource management
ING	Internationale Nederlanden Groep
ISBEE	International Society of Business, Economics, and Ethics
IT	Information technology
IWS	Intensive work systems
KPMG	Klynveld, Peat, Marwick and Goerdeler (the Founders)
MNEs	Multinational enterprises
NL	Netherlands
OECD	Organisation for Economic Co-operation and Development
OHSAS	The occupational health and safety assessment series
p.	Page
PDF	Portable document format
POMAK	Podravka's Academy of Management
POR	Portugal
Repsol YPF	Repsol Yacimientos Petrolíferos Fiscales
RBV	Resource-based view
S	Sweden
SBD	Sustainable business development
SGHRM	Strategic global human resource management
SGS	Société Générale de Surveillance Holding
SHRM	Strategic human resource management
SIHRM	Strategic international human resource management
SKF	Svenska Kullagerfabriken
SRM	Sustainable resource management
STMicroelectronics	Thomson Semiconducteurs Microelectronics
SWS	Sustainable work systems
TNT	Thomas Nationwide Transport
UN	United Nations
UNCED	United Nations Conference on Environment and Development
UPM	United Paper Mills
USA	United States of America

vs.	Versus
WBCSD	World Business Council for Sustainable Development
WCED	World Commission on Environment and Development
WWI	World war I
WWII	World war II

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Chapter 1

Introducing Sustainability into HRM

This dissertation, *Sustainable Human Resource Management: A Conceptual and Exploratory Analysis from a Paradox Perspective* builds primarily on the recently emerging literature linking the concept of sustainability and human resource (HR) issues. Furthermore, it draws on relevant insights in established fields of research such as Strategic HRM (SHRM), Sustainable Resource Management (SRM), and organisation theory. Practical relevance of this topic is deduced in this introduction from examples as well as from the literature on sustainability and HRM.¹

Over the past two decades, technological developments, competitive demands, and globalisation have caused dramatic changes within and across organisations (e.g., Barkema et al. 2002), and have transformed general conditions for Human Resource Management (HRM) strategy and decision-making (e.g., Scholz 2000). Developments within and outside of organisations are drivers for and reactions to an increasing pressure for competitiveness and flexibility influencing HR practices and strategies (Gmür and Klimecki 2001; Oechsler 2004a; Schuler and Jackson 2005). Trends such as demographic development, internationalisation and globalisation, or lack of quality in some educational systems have only just started slipping into the consciousness of practitioners and researchers highlighting the need for more sustainable HR practices and strategies.

The topic of this book is relevant for research due to gaps identified in the fields enumerated above. Prior literature has not produced many insights into the link between sustainability and HRM, notably the strategic aspect of sustainability as a concept for HRM. Although concerned with an organisation's long-term viability, HRM models and conceptualisations up to date conceptualise human resources as a pool of resources and neglect their origin (see also Boxall and Purcell 2003). Furthermore, scholars are aware of paradoxical tensions in HRM practice; however, approaches to suggest strategies for how to cope with them are rare. Prior sustainability research is characterised by a strong emphasis on reasoning in terms of social responsibility, by universalistic interpretations of sustainability, and by a lack

¹This thesis is written in British English. However, quotations have been cited as in the original, i.e. in British or American English. German quotations have been translated by the author and marked as translations.

of consideration of systematic links between sustainability and HRM research – what emerged recently under the label “Sustainable HRM”.² In order to introduce this emerging topic, this chapter is guided by the following questions:

- What is the importance of sustainability for HRM practice and research?
- What are the practical problems supposed to be solved?
- Which are the key HR activities³ and topics that have been focused upon in the literature linking sustainability and HRM?
- What are the research gaps and which research objectives can be deduced for this study?
- How can these objectives be reached?

The starting point is a description of the practical relevance of HR and HRM for corporate success and of sustainability as a concept for HRM (Sect. 1.1). In the second introductory section, the challenges for HRM are outlined regarding what happens when “human resources” are about to become scarce and when side and feedback effects⁴ on employees and organisational environments appear (Sect. 1.2). Next, key aspects of the literature linking sustainability and HR issues are analysed and compared with the objective of integrating the topic of the dissertation into the research context, of reviewing the key discussions on sustainability in different HR-related research areas, and of summarising the theoretical relevance of sustainability for HRM (Sect. 1.3). Subsequently, the research gap will be outlined and research objectives and questions deduced (Sect. 1.4). Finally, the conceptual and exploratory research approach is presented followed by the structure and overview of the study (Sect. 1.5).

1.1 Importance of Sustainability as a Phenomenon for HRM Practice

Recently, the focus on the social dimension of sustainability has become increasingly important (Dyllick and Hockerts 2002; for a practice-based source see Holliday et al. 2002). The diffusion of concepts such as “Corporate Social Responsibility” (CSR) in practical and scientific debates has also contributed to a rising interest in sustainability linked to HR issues. In particular, multi-national enterprises (MNEs)⁵ have

²The term “Sustainable HRM” is used in this work as a name for a concept and conceived of as an extension of “Strategic HRM”.

³“**Human resource (HR) activities** include the formal HR policies developed by the company as well as the actual ways these policies are implemented in the daily practices of supervisors and managers” (Schuler and Jackson 2006, p. 16; bold in original).

⁴In this work, the expression of “side and feedback effects” refers to outcomes which are self-induced by a company’s HRM and managerial actions and which affect the current and future workforce of a company concerning its ability and willingness to work for the company.

⁵Multinational Enterprises (MNEs) can be defined as “a firm which owns or controls business activities in more than one foreign country” (Dowling et al. 2008, p. 2).

started linking sustainability as an idea to areas which affect the core issues of HRM such as HR development, health, employability, etc. (e.g., WBCSD 2005). The emergence of the phenomenon of sustainability in these areas emphasises the practical relevance of this study.

1.1.1 Practical Relevance of HR and HRM for Corporate Success

People or “human resources” (HR), HRM practices and strategies have been identified as being essential for organisational success (e.g., Guest 2001; Huselid 1995; Wright et al. 2005b). The rise in importance of HR and HRM has fuelled a quickly expanding stream of research (e.g., Martín Alcázar et al. 2005a; Schuler and Jackson 2005). Practice-oriented volumes such as *Building Profits by Putting People First* (Pfeffer 1998) have reached and influenced a large number of HR practitioners and scholars. Strategy and resource orientation in HRM literature have increased (e.g., Boxall 1996; Wright et al. 2001), and valuable human resources have been identified as “critical” for organisations (Taylor et al. 1996).

Resource-based perspectives in management research (Barney 1991; Barney et al. 2001; Grant 1991) as well as human capital theory (Becker 1964) have contributed to an increased appreciation for the importance of internal factors and particularly for people for a company’s success. Brewster (2002) points out that “the capabilities and the knowledge incorporated in an organization’s human resources are *the* key to success” (p. 126) and Paauwe (2004) asserts that “the importance of managing people to achieve competitive advantage has by now become a generally accepted “mantra” for corporate executives” (p. 1).

However, managing a global workforce in MNEs has become more complex (Brewster et al. 2005) and for individuals the risk of becoming unemployed has increased (see Oechsler 2000b). Professional and managerial jobs at modern workplaces face increasingly high demands in terms of work intensity (Brödner and Forslin 2002; Hatchuel 2002), skills and competencies (Wolf 2004), self-management (Claessens et al. 2004), blurring boundaries between work and private life and of gender roles (see Greenhaus and Powell 2006; Resch and Bamberg 2005), increased pressure of time, work pace and performance (Huzzard 2003), and a change towards a “new employment relationship” (Tsui and Wu 2005) as well as changing psychological contracts (Hiltrop 1995).

Scholars have started picking up sustainability as a perspective to analyse the implications of these developments on HR and HRM. In this literature, it is assumed that in practice, critical human resources are “consumed” and “exploited” rather than developed and reproduced (e.g., Kira 2002, 2003; Müller-Christ 2001; Thom and Zaugg 2004). Examples for this “human resource consumption” are highly qualified employees facing increased work-related stress, work–family conflicts, health problems, burnout, or less qualified employees having to cope with lack of employability (Docherty et al. 2002a; Thom and Zaugg 2004). It is a basic management problem that most decisions must be made within the framework of

a limited total resource (Ansoff 1965). But, as consequences of the shortage of resources and competencies for corporations can be severe including a loss of organisational competitiveness, innovativeness, strategic capability, and viability (e.g., Docherty et al. 2002a; Freiling 2004a, b), the interest in sustainability and HRM is rising in recent times.

1.1.2 Practical Relevance of Sustainability for HRM

Besides the importance of managing people, the notion of sustainability is said to have become another mantra for the twenty-first century (Dyllick and Hockerts 2002, p. 130). It is argued in this study that the concept of sustainability is relevant for HRM practice but that the full potential of sustainability as a concept for HRM practice has not yet been explored. In business practice, sustainability was used as a concept to advance thinking on environmental topics and on the problem of designing organisational change processes related to a Sustainable Business Development (see Rainey 2006). Depending on the interpretation of the concept, sustainability focuses on the availability of financial or social resources and on corporate responsibility for society (e.g., Dyllick and Hockerts 2002).

In corporate practice, topics related to the social dimension of sustainability have emerged increasingly in recent years. Key topics are recruiting and retaining top talent, developing critical competencies, motivation, incentives for exceptional performance, employability, lifelong learning, demographic trends, aging workforces, employee health, safety, quality of life, work–life balance, justice, ethics, and CSR (WBCSD 2002, 2005, 2006).⁶ The website of the WBCSD indicates that these initiatives can also be observed in other countries in Europe and elsewhere.⁷ Concerning the relevance of sustainability for HRM practice and research, Boudreau and Ramstad (2005) assert that:

Sustainability is not a fringe issue. Corporate heavyweights like Shell, British Petroleum (BP), and DuPont, as well as the United Nations and the International Labor Organization (ILO), all are embracing sustainability. [...] Sustainability rarely appears in strategic HR plans, and its implications for strategic HRM have received little attention. As organizations increasingly embrace sustainability, however, so must HR. (p. 130)

A first exploratory survey from Zaugg et al. (2001) on the interest of HR practitioners in sustainability and on their understanding of sustainability has revealed that European “companies are interested in Sustainable HRM [although] the corresponding practices are applied hesitantly and unsystematically” (Thom and

⁶Practitioners discuss these topics in self-initiated workshops and networks. For instance, the German sustainability network Econsense regularly offers workshops for its members on topics such as demographic development, employability, or work–family-balance, etc. (<http://www.econsense.de>).

⁷<http://www.wbcscd.org>.

Zaugg 2002, p. 55; translated from German by the author). It can be concluded that sustainability is being considered as relevant for HRM practice from practitioners and academics. The challenges HRM is confronted with on this journey are going to be depicted in the following section.⁸

1.2 Sustainability and Human Resources: Challenges for HRM

Historically, sustainability emerged in situations of crises when at least one of the following topics turned out to be of importance:

- Economic, natural, or social resources were scarce
- Side and feedback effects threatened long-term exploitation of these resources

Interestingly enough, both problems – scarce human resources (labour shortages) and side and feedback effects – can also be found in HRM practice today. Analogous to the depletion of natural resources, many companies find themselves confronted, today, with a lack of competent and committed people and/or with side and feedback effects of work and business activities on employees and on companies themselves. One possible strategy to cope with this situation is – according to this book – the application of sustainability as a concept for HRM.

1.2.1 *The Problem of Labour or Skills Shortage*

In the past decade, globalisation processes and technological developments have increased the demand for skilled employees (Backes-Gellner 2004). Skilled and motivated employees have become critically scarce or are expected to become more scarce in the near future (see Boxall and Purcell 2003). In globally operating MNEs, the need for competent and committed employees has become decisive with regard to competitive advantages (see Brewster and Suutari 2005; Gregersen et al. 1998; Kohonen 2005; Lazarova and Caligiuri 2004; Thom and Zaugg 2004). Noticeably, it has become more difficult for HR executives to provide the right number of highly skilled and motivated employees at the right time, in the right place (e.g., Scherm 1999; Thom and Zaugg 2004). While this topic had become less

⁸Another indicator for the increasing interest in sustainability and HRM is the spreading of the term “Sustainable HRM” (and its German translation *Nachhaltiges Personalmanagement*) has only recently appeared in the public discourse. Searching for these terms via Google, the author has found no entries in the year 2002, a negligible number of entries in 2003, and 40,100 entries in 2007 on the notion “Nachhaltiges Personalmanagement” as well as 2,550,000 entries on “Sustainable Human Resource Management”. Among others, the entries cover topics like “Sustainable Human Resource Management in China”, “Sustainable Human Resource Strategy”, or “Human Resource Management” and “Sustainable” (Last access: 31/10/2007). Although there may well be similarities or differences between the different concepts summarised under these terms, the overall rising number could be counted as an indicator for a rising interest in the topic.

popular after the “war for talent” debate in the 1990s (Chambers et al. 1998), recent publications suggest that companies are strongly competing for talent and on a global basis (Ng and Burke 2005; Stahl et al. 2007). Examples are expatriates or highly qualified global managers, as their knowledge and competencies are regarded as essential for the realisation of corporate strategies (Lazarova and Caligiuri 2004). Human resources are not generally scarce but the degree of the shortage depends on the skills and qualifications required in a company; and there is a tendency for higher qualifications and special skills being less readily available (Drumm 2000). The shortage of highly qualified talent could be just a “peak of the iceberg” as highly qualified employees receive more attention in practice and research than employees at other hierarchical or functional levels.

The reasons for labour shortage⁹ in some European countries mentioned in the literature are multiple: demographic developments, new requirements for particular skills and competencies because of globalisation and technical developments, or a new understanding of employment relationships. For example, employment relationships have changed to a more contractual understanding – both on the side of the employee and the employer where retaining talented employees over time has become a more difficult task for many companies (see Stahl et al. 2007). Another reason for the labour shortage is the talented recruits’ lack of willingness to work for a company, i.e. it has been observed that the workforce has become “pickier” (Gerdes 2006). Potential employees seek a better work–life balance or expect new qualities from their employers. For instance, young talents today may be expecting their employers to be “sustainable” or “socially responsible” and not to pass side and feedback effects of business activities on to them or to society (see Price Waterhouse Coopers 2007).

Developing talent and retaining it over time, i.e. building a “talent pipeline” (Stahl et al. 2007) has been identified as one of today’s major tasks for globally operating companies (see also Brewster and Suutari 2005). But, the focus of interest lies on a limited number of very highly qualified people. For other parts of the workforce, costs for investing in their training are often saved in times of crises and increasing pressure from stock markets as well as from shareholders to operate efficiently and to contribute to performance. In HR literature, however, HR training and development has been identified as leading to sustained competitive advantage (Aragón-Sánchez et al. 2003).

These limitations inherent in corporate resourcing strategies are felt especially in globally operating companies today although they are often able to cross geographical boundaries in order to have access to a broader number of qualified people. From a sustainability perspective, a company does not only have to ensure that it attracts and retains a talented workforce today but also that it sustains access to the desired groups of people and retains a healthy and productive workforce over time.

⁹The recent crisis in the financial sector and global economy has relieved some of the tensions on the side of competition for talent. However, this situation does not change the overall problem of qualified human resources being scarce and the “unsustainable” way how people are treated in organisations. The crisis might provide excuses to postpone problem solution to the future.

Therefore, the problem of attracting and retaining talent over time is assumed as being linked to that of controlling side and feedback effects on the workforce, corporate environments, and finally on companies themselves.

1.2.2 The Problem of Self-Induced Side and Feedback Effects

Side and feedback effects in this study are those outcomes of work and HR managerial activities which have an impact on a company's human resource base¹⁰ (see Footnote 4, page 2).¹¹ Side and feedback effects are conceived of as being "observer-relative" concepts because the effects which can be "positive" (a benefit) for one of the parties involved could create a "negative" effect (cost) for another party. The effects of interest for this study are "self-induced" because HR practices and strategies are not only influenced by their organisational environments but vice versa, these actions can have a dysfunctional impact *on* the environments (see also Brewster and Larsen 2000).¹² Examples for these side and feedback effects are eroding trust in employment relations (Brödner 2002; Docherty et al. 2002c), the HR shortage described in the previous section or lack of employability, joblessness (Mariappanadar 2003), and employee "exploitation" or self-exploitation tendencies of talented employees because they work more than their "natural" regenerative capacities would allow them to (e.g., Kira 2002, 2003; Thom and Zaugg 2004). Highly qualified employees seem to face increased work-related stress, work-family conflicts, work-dependent psychosomatic reactions and health problems, burnout, or lack of employability (e.g., Docherty et al. 2002a; Huzzard 2003; Moldaschl and Fischer 2004; Thom and Zaugg 2004).

Simultaneous to the need for better skilled and committed people, competitive forces and shareholder demands lead decision-makers to labour cost-cutting strategies such as downsizing (e.g., Mariappanadar 2003), outsourcing (e.g., Cook 1999), or reducing HR training and development (e.g., Evans 1999; see also Aragón-Sánchez et al. 2003). Paradoxically, HRM practices and strategies which should ensure an organisation's success can also reduce an organisation's strategic

¹⁰The term "human resource base" (HR base) stems from the literature on the resource-based view. Resource base in that context is defined as including "tangible, intangible, and human assets (or resources) as well as capabilities which the organization owns, controls, or has access to on a preferential basis" (Helfat et al. 2007, p. 4). The HR base in that sense refers to all human and social resources to which a company has access by means of influence such as power or cooperation.

¹¹In sustainability and economic literature, the term "externality" is sometimes used instead of side and feedback effects. An externality can be defined as "a cost or benefit arising from any activity which does not accrue to the person or organization carrying on the activity" (Black 1997, p. 169). In economic theory, externalities are interpreted as one category of market failure indicating resource allocation problems (Buchanan and Stubblebine 1962) or as side effects of market transactions (Kahn 1995).

¹²This is not always acknowledged in management theories and HRM models where the image of the company being influenced by its environments seems to be predominant.

Table 1.1 Side and feedback effects

Level of analysis	Side and feedback effects
Individual employee	Work-related health problems, stress, burnout, lack of work–life balance, eroding trust, lack of employability, joblessness (i.e. problems of regeneration and qualification)
Workforce	Lack of people being able and/or willing to work for the company
HRM environment	Lack of ability of corporate environments (labour markets, education systems, etc.) to provide skilled and motivated people

Source: compiled by the author

ability, endanger its organisational viability, and can at a later point in time lead to detrimental feedback loops for the organisations themselves (see Evans 1999; Mariappanadar 2003; Wright and Snell 2005). Wright and Snell (2005) argue that some organisations downsize highly skilled, committed, and experienced employees and replace them on a large scale by a cheaper contingent workforce with long-term negative outcomes for the company:

[...] HR executives can become complicit in the “cost-cutting” game. This has three detrimental effects on the sustainability of a firm’s business model. First, it cuts the core talent that leads to value creation. Second, it trades short-term costs for long-term costs. Third, it diminishes the potential for real innovation. (p. 179)

This is what Wright and Snell (2005) call the challenge of HR executives to balance value and values but it could also be interpreted as an example for self-induced feedback effects (for more examples see Table 1.1).

The problems addressed so far are not only a lack of people having the capability or willingness to do a certain job, but it is the assumption that companies influence their organisational environments in a way which contribute to these shortages or which create new demands, as in the case of global and expatriate managers,¹³ or, which contribute to the lack of work–life balance of employees. The problem of controlling side and feedback effects involves difficult choices about which effects have to be controlled or prevented and by which HR or business activities they could have been created. While many HRM practices and strategies have been successful under the condition of stable organisational environments, management situations in many companies today are more complex, dynamic, and characterised by increasing demands and paradoxical tensions for HRM.

1.2.3 Paradoxical Tensions for HRM

Many companies in Europe, as elsewhere, face increasing pressures to ensure efficiency and effectiveness in their HR practices (e.g., Brewster et al. 2005; Sparrow et al. 2004). HR executives and those responsible for HR-relevant

¹³As mentioned earlier, companies have been involved in creating a higher demand for qualified global and expatriate managers by expanding globally (see, for example, Mendenhall et al. 2001, 2002; Mendenhall and Stahl 2000).

decisions find themselves between competing demands such as short-termed profit making (e.g., retrenchment or downsizing because of labour-cost pressure), on the one hand, and long-term organisational viability on the other (see, e.g., Wright and Snell 2005; Paauwe 2004). This situation makes it necessary to invest in attracting and retaining a skilled and motivated workforce on the one hand and the simultaneous need for efficient and effective HR practices on the other (see also Ehnert and Brewster 2008).

The study at hand addresses the problem that if sustainability is taken seriously into consideration for HRM, tensions and dilemmas can become apparent which have to be actively dealt with instead of being ignored. In these situations, no simple “either/or decisions” can be formulated (Evans 1999). The key challenge for actors involved is to find a way of coping with tensions created by paradoxes and dualities, and of reconciling tensions and dilemmas – situations where choices have to be made and where it is often impossible to make the “right” choice (Brewster et al. 2006). This problem involves also choices about if and to what degree HR practices and strategies should be adapted to new demands and developments in a company’s business environment. As both, an efficient way of deploying today’s employees and durable access to future human resources have been suggested as determinants of an organisation’s ability to survive and to be successful on a long-term basis (e.g., Hülsmann 2003; Müller-Christ 2001), sustainability is regarded as having a strategic potential for HRM, in this work.

1.3 Emergence of Conceptual Approaches Linking Sustainability and HRM

The literature linking sustainability and HRM is widely dispersed across different HRM subfields, diverse in its interpretation of sustainability, and barely interrelated with each other or with mainstream HRM literature. In order to answer the introductory questions (p. 1) a systematic review of literature was conducted.¹⁴ Only publications with a direct link to HR issues were considered, i.e. at the initial literature search a large number of journal articles on CSR have been excluded. However, it became apparent that the practitioner perspective is very much influenced by the CSR discourse. Hence, selective articles have been included into the analysis.

Except for the literature on CSR, a large amount of the HR-related sustainability literature has not yet reached reviewed academic journals. The result of the author’s

¹⁴German and English language literature was reviewed. The following databases were investigated for the terms “sustainable HRM”, “sustainability HRM”, “sustainable management”, “sustainable work systems”, “corporate social responsibility” and combinations of the notions; <http://www.sciencedirect.com>, <http://www.emeraldinsight.com>, <http://www.gbv.de>, <http://www.hwwa.de>, <http://www.vlb.de>; <http://www.buchhandel.de>, <http://www.EconLit.org> (EBSCO), and <http://www.wiso-net.de>.

research of literature is that from 1995 to 2005, none of the 21,580 articles published in 29 high-ranked¹⁵ academic journals were devoted to the link between sustainability and HRM (for reasons of brevity called “sustainability–HRM link” in this study). The terms “sustainability” or “sustainable” are often in use but the majority of the papers apply sustainability relating to “sustainable competitive advantage” and HRM or to CSR. First publications on the sustainability–HRM link can be traced outside of these journals (e.g., Boudreau and Ramstad 2005; Docherty et al. 2002a; Mariappanadar 2003); not all of them appeared in reviewed journals which indicates that the topic is an emerging one for HRM.

1.3.1 Key Research Approaches and Issues on the Sustainability–HRM Link

In the literature identified, prior work on sustainability and HRM has evolved from three main areas of research: from Sustainable Work Systems (SWS), Strategic HRM, and from SRM. In parallel, CSR literature expanded or nearly “exploded” dealing with the social dimension of sustainability. Although CSR also touches upon HRM aspects it has not been linked systematically to Strategic HRM research (Whetten et al. 2002) and therefore it has not been included into this section. Prior literature on sustainability and HRM has also looked at the problem of human resource shortages (see Sect. 1.2.1) and has raised a new issue of controlling side and feedback effects for HRM (see Sect. 1.2.2). Additionally, the literature sheds light on the question about which actor (HRM, individuals, or societies) is responsible for the “sustainability” of HRM and to what extend. In the literature reviewed, three key questions have been relevant:

- (1) How can HR executives manage future supply with qualified and motivated people (Müller-Christ and Remer 1999; Thom and Zaugg 2004)?
- (2) How can unwanted, negative effects of intensive work or retrenchment be prevented (Docherty et al. 2002a; Mariappanadar 2003)?
- (3) Who is responsible for these activities (Thom and Zaugg 2004)?

In a chorological order, the literature on SWS (Docherty et al. 2002a; Huzzard 2003; Kira 2003) appeared first and focuses primarily on the second question and third, i.e. on how to prevent work-related illnesses and side effects and how to foster

¹⁵The following journals taken from Anne-Wil Harzing’s (2006) comparison of journal rankings have been included in the initial analysis: *Human Relations*, *Organization Studies*, *Academy of Management Journal*, *Academy of Management Review*, *Administrative Science Quarterly*, *Harvard Business Review*, *Journal of Business Ethics*, *Strategic Management Journal*, *International Journal of Human Resource Management*, *Management International Review*, *Long Range Planning*, *Journal of Management Studies*, *Journal of Management*, *Journal of International Management*, *Columbia Journal of World Business*, *Academy of Management Executive*, and *California Management Review*.

employee's regeneration, well-being and development (sustainable learning). SWS are suggested instead of "intensive work systems"¹⁶ – this approach understands sustainability from a social responsibility perspective as well as sustainability as a rationale to deal with corporate resources (see Moldaschl 2005a, b).

A Sustainable HRM approach (or perhaps rather Sustainable Personnel management)¹⁷ developed for Swiss companies builds on SWS as well as Strategic HRM literature (Thom and Zaugg 2004). This "best practice" approach tries to identify "sustainable HR practices" and concentrates particularly on HR development, on the reward system, HR recruitment, HR marketing and on creating win-win situations for employees (e.g., supporting their employability and careers) and employers (e.g., performance). Contradictions or tensions are not considered and employees, employers, and society are equally seen as being responsible for corporate and societal sustainability. The literature on SRM focuses on answering the first question. Suggestions are made from a system's theory perspective such as considering the "specific conditions of development, reproduction, and regeneration" of human resources and of the "sources of HR" (such as education systems, labour markets, or families) (Müller-Christ 2001).

1.3.2 Critical Appreciation of the Sustainability–HRM Literature

Although sustainability has been the subject of thought and reflection in the field of management research for quite some time (Dyllick and Hockerts 2002; Gladwin et al. 1995; Schmidheiny 1992), this literature is characterised by a strong emphasis on ecology in comparison to the attention given to the social aspect of sustainability (e.g., Weissenberger-Eibl 2004b). Sustainability is being discussed as a concept for HRM in the literature only recently and is a phenomenon which has not yet been studied extensively (see Boudreau and Ramstad 2005; Mariappanadar 2003; Thom and Zaugg 2002). Sustainability as a concept can be interpreted as an emerging issue for HRM practice and research (Ehnert 2006a). But, HRM theorists have largely neglected exploring sustainability as a concept for HRM (Thom and Zaugg 2004). Not very many researchers have paid systematic attention to the link between sustainability as a concept and HR-related research or HRM which leaves many aspects open for further exploration.

Sustainability is a relevant phenomenon to be considered for HRM theory and research because the research topics linking sustainability and HR issues touch upon important key HRM areas and because the link between sustainability and

¹⁶Intensive Work Systems (IWS) seem to be similar to "High Performance Work Systems" (HPWS) although the authors do not use the term. Both work systems are characterised by the focus on highly skilled employees with high work autonomy. HPWS have become a key interest in Strategic HRM literature (see, e.g., Appelbaum 2002).

¹⁷Although the name "Sustainable HRM" is used in this study, the approach differs substantially from the Swiss approach as the discussion in the literature review shows.