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Original Article

### Sustainable Human Resource Management and Sustainability: A Survey on Nairobi Securities Exchange Listed Companies, Kenya

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#### Date Published: ABSTRACT

13 June 2024 According to IISD (International Institute for Sustainable Development) “sustainable development is development that meets the needs of the present

**Keywords:** without compromising the ability of future generations to meet their own needs”. However, many organizations focus on short-term profits while the

*Sustainability  
, Sustainable Human  
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contribution of human resource management towards sustainable development is pushed to the margins. Intensive labour practices, poor working conditions and poor work systems in Kenya are some of the issues that have been found not to contribute towards sustainability in organizations and in keeping with the 8th sustainable development goal of Promoting “sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”. Lack of focus on sustainable human resource management practices will make it difficult for Kenya to achieve Vision 2030 as well as the Sustainable Development Goals (SDG-goals). Sustainable Human Resource management focuses on managing the people resources in an organization so as to achieve long-term sustainable goals that not only benefit the organization but also the society and the environment at large. This Paper is a literature review and analysis on sustainable Human Resource Management and its benefits to the employees, their families and society at large by exploring sustainable HR practices, sustainable work systems and sustainable resource management that also provide for the sustainable performance of organizations in keeping with the need for corporate sustainability. The paper also explores reporting on sustainable HRM practices as part of corporate sustainability reporting in Nairobi Securities Exchange-listed firms.

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## INTRODUCTION

Sustainability involves having a long-term orientation with a focus on people and, the planet and not putting profitability at the forefront of organizational activities. According to Jackson, Boswell and Davis (2011) in a journal on “Sustainability and Triple Bottom line reporting” Triple bottom line goes beyond focusing on the financial aspects but on economic, social and environmental considerations while recognizing that resources are finite. Human capital management (HCM) is a set of practices related to the management of people resources in an organization so as to ensure their optimization and maximize their economic value in achieving organizational goals. According to Armstrong (2014), human resource management is the strategic, integrated and coherent approach to managing the employees in an organization so as to achieve the organizational goals; it, therefore, focuses on the people management activities, since the human factor is an important factor of production and organization spend a considerable amount of money to procure and manage this resource. Hence, there is a need to focus on practices that can ensure human resource management contributes to the sustainability of an organization. In relation to Human Resource Management, this means the development of work practices, policies and performance indicators that consider the triple bottom line in the light of sustainability and long-term orientation.

### Objectives

The main objective of this paper is to examine the concept of sustainable Human resource management and its relationship with sustainable development.

The specific objectives are:

- To provide an analysis of the concept of sustainable Human Resource management
- To review sustainable HR practices and work systems
- To explore the concept of Sustainable HR reporting as part of corporate sustainability

## METHODOLOGY

This paper is a theoretical literature review using a desktop research design involving document analysis and synthesis of scientific empirical literature and a theoretical review on sustainable human resource management

## LITERATURE REVIEW

### Sustainable Human Resource Management

According to Ehnert, Parsa, Roper, Wagner, and Muller-Camen (2016) as cited by Tamas (2019), Sustainable Human Resource Management is the “adoption of HRM strategies and practices that enable the achievement of financial, social and ecological goals, with an impact inside and outside of the organisation and over a long-term time horizon while controlling for unintended side effects and negative feedback”, hence there is need to balance the consumption and reproduction of human resources even as organizations manage the business environment so that they can have durable access to skilled human resources. This means that organizations should adopt HR practices that do not harm their human resources, their families and society at large but those that contribute to the profitability and sustainability of the organization. According to Mariappanadar (2014), Sustainable Human resource management is “those HR systems or bundles that enhance both profit maximisation for the organisation and also ‘reduce the harm’ on employees, their families and communities”. In addition, a Sustainable HR strategy involves the management of human

resources to meet the critical current needs of the organization and community without compromising the ability to meet the needs of the future. Sustainable HRM therefore links strategic HRM with the triple bottom-line outcomes of an organization while minimising negative effects and outcomes on different stakeholders.

According to Kramer (2013) in the journal "Beyond Strategic Human Resource Management: Is Sustainable Human Resource Management the Next Approach?" sustainable HRM aims to link sustainability with strategic HRM and ensure that HRM practices do not have a negative human and social or ecological outcome. Accordingly, Sustainable HRM extends the concept of corporate social responsibility which focuses on the organizations economic, legal and ethical responsibility to its stakeholders, by focusing also on the long-term effects of economic, social and ecological considerations and ensuring the survival of the organization in the long run. The focus of sustainable HRM is on the integration of economic, social and governance (ESG) aspects in the HRM practices so as to ensure the long-term success of the organization. The focus of HR practices and policies should therefore not only be focused on the consumption of human resources in terms of deploying them efficiently to achieve organizational objectives but also on their reproduction, motivation and engagement so as to ensure the survival of the organization. This means that organizations should not only be concerned with recruitment, placement, training, motivation and welfare of employees but also with the quality of training offered in training institutions and the well-being of the community since they serve as a reservoir where they get the future human resources.

According to Indiparambil (2019), in a journal on "Strategic to Sustainable Human Resource Management: Shifting Paradigms of Personal Managerial Trends" Sustainable HRM focuses on pursuing HRM practices that have a positive impact on the employees, their families and communities and avoiding those that have a short-term orientation. According to Wang (2019), in

the journal "Linking Sustainable Human Resource Management in Hospitality: An Empirical Investigation of the Integrated Mediated Moderation Model" sustainable HRM provides a link between Human resource management and sustainability by focusing on sustainable outcomes.

Unlike Strategic HRM which focuses on HR practices that contribute to the realization of an organization's strategic goals and contribute to an organization's financial outcomes, without considering the impact of these practices on the stakeholders and the ecological environment, sustainable HRM focuses on external influences and long term as well as short term effects. Sustainable HRM goes beyond green HRM (GHRM), which focuses on HR practices that have positive ecological outcomes, by also focusing on those HR practices that have positive human and social outcomes. Therefore according to Kramer (2013), Sustainable HRM focuses on HR practices that not only focus on the efficient use of human resources but also on the development of their capabilities, focus on performance evaluation and management that seeks to improve employees' strengths and performance, HR practices that contribute to positive social outcomes such as employee involvement and participation as well as avoiding HR practices that are detrimental to human and social outcomes such as intensive work systems that don't allow for work-life balance and provide a good quality of working life.

According to Mariappanadar (2003) in a journal on "Sustainable human resource strategy: The sustainable and unsustainable dilemmas of retrenchment", some of the HR practices that have a negative impact on human and social well-being include retrenchments. Downsizing or retrenchment is often a strategic tool to cut down on labour costs and use the savings made to investments that give an organization higher returns. This perspective looks at human resources as labour costs rather than assets that can be developed to ensure higher productivity and profits. According to his research, organizations that used the labour cost-cutting

strategy did not necessarily result in higher profitability or productivity, hence there is a need to balance the economic needs of the organization with the human and social impacts that retrenchment has, where retrenchment is seen as a short-term goal with negative human and social impacts. In addition, using the externality concept, retrenchment only considers the benefit to the organization without considering the harm or cost to the employees, their families the communities and the government in general. Retrenchment also has a negative impact on the remaining employees who are not retrenched (survivors) in terms of low morale, commitment to the organization, innovation and productivity. Therefore organizations that use a retrenchment strategy experience a temporary benefit of an increase in profitability in the first year but a reduction in profitability in the subsequent years, this proves that retrenchment is not a long-term solution, nor does it contribute to sustainability in an organization

### **Sustainable HR practices and Work systems**

According to Stankeviciute and Savanevičiene (2018) in a journal on "Designing sustainable HRM" sustainable HR practices and work systems should focus on the regeneration, development and renewal of Human resources so as to ensure that potential and current employees have the wish to work for a particular organization, have the ability and competence to perform as is expected and are able to work in healthy and safe organizations where their welfare is catered for as well as achieving work-life balance. This will help to meet the role of sustainable HRM which is to contribute to sustainability in the organization by developing HR practices and systems that are sustainable and that maximize profits but at the same time do not have a negative impact on stakeholders, where stakeholders refers to the individual employees, their families and the society at large. In addition, sustainable HR practices and work systems are those that "enhance both profit maximisation and reduce long term harm' on employees, their families and communities"

According to Ehnert, Harry and Zink (2014) in their book on "Sustainability and Human Resource Management", a working system is a system where there are human participants interacting with machines or work processes so as to produce products for internal or external customers. Therefore sustainable work systems are those work processes and practices that offer a good quality of life for employees, help employees to be employable and also empower employees to be conscious about taking care of the ecological environment. Sustainable work systems and work practices do not focus on intensive work systems that are related to the consumption of human resources physically, cognitively, socially and emotionally, but instead, focus on a balance between the quality of working life and the performance of the organization. According to Mazur (2014), sustainability at one level cannot be built on the exploitation of the others, this implies that organizations need to adopt work practices that do not compromise sustainability at the individual, organizational and societal level. Short-termed profit-orientated strategies such as downsizing, outsourcing adopting highly intensive work systems may in the long term compromise sustainable development by having a negative impact not only on the employees and their families but also on the community and society at large. The organizations have a responsibility to provide a healthy and safe working environment. This approach of Sustainable Work Systems is to ensure; a future supply of qualified and motivated human resources by putting more emphasis on the regeneration and development of human resources, the prevention of unwanted negative HRM effects by understanding of the mechanisms and processes that lead to human resources exploitation and human rights abuse in organizations.

Sustainable HR practices and work systems are those that have a long-term orientation and include HR planning and forecasting so as to identify the skills and competencies needed now and in the future and conducting labour market research so as to identify where to get the required

talent, selection of the best talent, development, motivation and retention of this talent. Sustainable HR practices also include caring for employees in terms of workload, health and safety, pay, work-life balance and family-friendly practices. In terms of pay, this means that workers should be given fair pay that meets their minimum standards and doesn't subject them to the need to work multiple jobs or overtime since this is against the concept of sustainability and meeting the triple bottom line. At the same time, the remuneration given should not affect the sustainability of the organization.

According to Wang (2019), sustainable HRM practices are those that create positive working environments so as to contribute to job satisfaction, those that contribute to knowledge sharing and knowledge management, increase innovation capability as well as employee training for continuous growth and development. According to Tamas (2019), training empowers employees to be self-managing and self-regulating which is an important feature of sustainable HRM in terms of self-regulated work scheduling, autonomy to make decisions and promoting desired self-managing behaviours. According to Cho, Lin and Shin (2019) as cited by Tamas (2019) a survey of 2127 Korean firms showed that HRM practices that create and nurture a creative environment and encourage organisational innovation are able to achieve sustainability by being agile and flexible to adapt to the dynamic environment. In addition, there is also needed to participate in the structuring of educational programs so as to help prepare the future workforce and develop new talent to take positions that are anticipated to exist in future. Furthermore, organizations should also offer volunteer and internship opportunities to students so as to expose them to the corporate environment and prepare them to be the future workforce.

### **Green HRM Practices**

Green HRM practices are also part of sustainable HR practices because they focus on how to care for the environment. Green HRM is practices and policies to support the sustainable use of resources

within organizations to contribute to environmental sustainability. According to Ahmad (2015), in a journal on "Green HRM; policies and practices", Green HRM is a practice that involves the HR departments playing an active role in ensuring that the organizations "go green" by creating a green workforce that shows concern for the environment so as to help in the reduction of the "ecological footprints". This is through the use of policies and practices that promote sustainable use of resources and a concern for the environment. Green HR consists mainly of two major elements which are; environment-friendly HR practices and the preservation of knowledge capital. These Green HR policies and practices include the areas of; recruitment and selection where an organization recruits the right employees who have a concern for the environment by having "green job vacancy announcements and green job descriptions" as well as by having a reputation as a "green organization". They also include induction practices and training to ensure that new employees and existing employees embrace a green corporate culture and have the necessary knowledge, attitudes, skills and competencies that help in environmental conservation.

Green performance management is a HR practice that ensures that environmental concerns and targets are integrated into performance management systems, with performance appraisals rating dimensions of environmental stewardship. Green compensation is the remuneration and compensation policies and incentives that encourage and reward "eco-friendly initiatives carried out by employees or green behaviours", while Green Employee relations entails having employee involvement and participation as well as empowerment in environmental conservation activities or "green initiatives or eco entrepreneurial activities". Other Green HR practices include incorporating care for the environment in everyday activities by checking on the consumption of electricity and avoiding waste, moving towards a paperless office and only using reasonable paper and focusing on recycling and reuse

## Reporting on Sustainable HR Practices

According to Ehnert, Parsha, Roper, Wagner and MullerCamen (2016) in an empirical study on “Reporting on sustainability and HRM: a comparative study of sustainability reporting practices by the world’s largest companies” there is a growing requirement for pressure for companies to report on their contribution towards sustainability and the triple bottom line e.g. as per the global reporting initiative (GRI) standards or framework and the Environmental, Social and Governance (ESG) reporting requirements. Most companies therefore report on various aspects of sustainability, however, Sustainable HRM reporting has not gotten a lot of attention. Reporting on sustainable HRM in an organization helps to show how HRM practices contribute to corporate social responsibility in an organization by contributing to developing sustainable organizations and also by helping organizations pay attention to the social consideration in the ESG reporting framework. In addition, Sustainable HRM reporting helps organizations to become transparent and accountable to their stakeholders.

The Global Reporting Initiative (GRI), provides the guidelines for reporting on sustainable HRM in the category of labour practices and decent work. This consists of performance indicators in the areas of Labour practices and Human rights. The specific performance indicators include: quality of work and the working environment, percentage of employees covered by collective bargaining, profile of the workforce (in terms of socio-demographic categories and employment contract type), notice periods, health and safety, training and pay equity, non-discrimination or the avoidance of forced and compulsory labour, Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken, Total number of incidents of discrimination and actions taken, Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour among other indicators

The researchers (Ehnert, Parsha, Roper, Wagner and MullerCamen, 2016) established that out of Forbes's top 250 global companies, 112 companies either had no sustainability reports or the reports were not according to the GRI guidelines and therefore they did not report on aspects on sustainable HRM. Those who did report on sustainable HRM were more concerned about the labour practices and human rights dimensions that affect their internal stakeholders neglecting the external stakeholders. In addition, they were reporting on “labour and decent work indicators” affecting their “core workforce” in developed countries, neglecting the workforce in supply chains located mainly in developed countries. In the sustainability reports, organizations are required to provide economic, social and governance disclosures. In the ESG reporting framework, the Social considerations include; an organizations processes, practices and policies that touch on the internal and external stakeholders, specifically these include; human capital management, health, safety and wellbeing, equality and dignity, diversity and inclusion, fairness pay, career management, as well as the social aspects of an organizations supply chain, vendors or contractors

## Sustainable Human Resource Management in Kenya

The Nairobi Securities Exchange (NSE) provided guidelines to companies listed in the NSE on how to provide ESG disclosure (NSE ESG guidelines report, 2021). This is in keeping with the need for ESG disclosures; as well as provides a means of comparing ESG performance among the listed companies. The manual provides organizations can report on their ESP performance in a consistent and transparent manner that meets international standards on sustainability reporting using common ESG metrics. A report by Guguyu in a Business Daily report (July 2022), showed that only 7 or 10% of the firms listed in the NSE had provided their ESG disclosures, while a report by Kivuva in a Business Daily report (December 2022), revealed that out of the 61 firms that were listed in the NSE, only 29 firms or 48% of the firms provided ESG disclosures. This implies that

not many companies in Kenya have adopted sustainability reporting; hence it was difficult to establish if these companies have adopted sustainable HRM. According to research by Manini (2023) on “Sustainability Development Goals Disclosures by Top listed 25 firms” in the NSE, in Kenya, although all the firms provided disclosures on the economic aspects affecting sustainability in their organizations, only 17 firms provided disclosures on human capital management, while 10 firms provided information on the incident rates of occupational injuries which does not provide sufficient information of the working conditions. In addition, none of them provided discourse on the social aspects of the supply chains or vendors they work with. This indicates that more needs to be done to increase reporting on the social aspects of ESG in the NSE.

According to a report by the Federation of Kenyan Employers (FKE, 2022) on “ESG and its Implications for Kenyan Enterprises” ESG reporting is a current trend that needs to also be embraced by small companies and not only by the listed companies. This is because it provides organizations with opportunities for green investing as well as ensures that the sustainability by ensuring that the social aspects of ESG are addressed by ensuring good labour practices in their organizations as well their supply chains, vendors, subsidiaries, joint ventures, sub-contractors and contractors, as well as employees and the community.

There is scarce research on sustainable Human Resource Management in Kenya with most of the research focusing on green human resource management practices which is a component of sustainable Human Resource management. These researches include those that have focused on Green training and its impact on environmental sustainability (Jeruto, Kwasire, Chelule, Rop, 2017), and research that focused on the influence of green HR practices of green employee sourcing, green occupational health and safety, green training and development as well as green performance management and their impact on environmental sustainability (Owino and

Kwasira, 2016, and Chemjor, 2020). This shows that sustainable HRM is still a new emerging field in Kenya and most studies and research as well as applications have mainly focused on green HRM.

## CONCLUSION

There is a need for organizations to adopt sustainable HRM so as to ensure that the HRM function contributes to the sustainability of organizations. This is by organizations implementing HR practices, policies and processes that have a long-term view of the organization and that create a balance on the need for profit, while at the same time considering the needs of the people in the organization, the community and society of that they exist as well as considering how to take care of the ecological environment. There is also needed to include reporting on sustainable HRM as part of the reporting requirements so as to ensure that sustainable HRM is not neglected in organizations as required in the social aspect of ESG.

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