HOW SUSTAINABLE HRM AFFECTS ORGANIZATIONAL PERFORMANCE? : A REVIEW AND RESEARCH AGENDA

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Abstract
The purpose of this study is to investigate the influence of sustainable human resource management (HRM) on organizational performance by analyzing the ability, motivation, and opportunity (AMO) theory’s theoretical background and reviewing relevant literature. This literature examined the relationship between sustainable HRM as the independent variable and organizational performance as the dependent variable, including data from the years 2011 to October 2023. The study measured organizational performance using employee performance, workplace behavior, organizational commitment, job satisfaction, and six green HRM practices as indicators of sustainable HRM. This study found that workplace behavior, employee performance, job satisfaction, and organizational commitment were positively correlated with sustainable HRM strategies. The present study highlights the need to integrate sustainable practices into HR strategies inside organizations to improve overall productivity and promote business expansion. However, further investigation is required in this developing subject to gain a better understanding of its potential benefits and challenges.

Keywords – Sustainable HRM, Green HRM, Organizational performance, Environmental performance.

1. INTRODUCTION

Here we cite the definition given by Ehnert et al. (2016) “the adoption of HRM strategies and practices that enable the achievement of financial, social and ecological goals, with an impact inside and outside the organization and over a long term time horizon.” The goals of sustainable human resource management include social, economic, and environmental (Das and Singh, 2016) organization, which is also referred to as the ‘Triple bottom line’ (Elkington, 1994). In fulfilling these needs contribution of human assets cannot be ignored. The success of any business mainly depends upon its HR as human is the main asset of business (Cherian and Farouq, 2013; Shedid and Russell, 2017). To survive in the business world, organizations are constantly prepared to produce a highly competitive workforce (Chian et al., 2011; Baptiste, 2008).

According to RBV (Resource Based View) theory by Wrigh, Dunford, and Snell (2001), the human resources of a firm generate a competitive advantage and they are not easily copied by other firms. For this reason, businesses work hard to both attract and keep talented and skilled workers. HRM procedures are essential for attracting and keeping skilled workers. It has been discovered that manufacturing companies that make the greatest HRM practices investments will succeed more than those that don’t. Because these practices improve and promote organizational learning capabilities and knowledge management (Theriou and Chatzoglou, 2014). These practices include performance management, recruitment and selection, employee involvement, training and development, compensation, job design, and rewards. With time, these practices
transform into their better version i.e. Green practices for example green recruitment, green selection, green training, green compensation, and green rewards. A combination of all these is called Green HRM.

Employees’ perceptions about the organizations’ policies and practices also play a major role in their performance. Sustainable HRM is sometimes referred to as green HRM when priority is given to environmental goals (Ren, Tang, and Jackson, 2018) and sometimes referred to as socially responsible HRM when more focus is on CSR activities (Lopez-Fernandez, Romero-Fernandez, and Aust, 2018). According to Kramar (2013), certain research examining the connection between Green HRM and its results will be taken into account for the literature on sustainable HRM. Green HRM strategies have been shown by numerous studies to positively correlate with both organizational performance and sustainability (Masri and Jaaron, 2017). Reviews of the subject of "Sustainable HRM" are very limited. Numerous scholars looked for a connection between organizational success and HR strategies. Some researchers have adopted (the RBV) resource-based perspective i.e. contribution of employee competencies (KSAs), others have adopted a behavioral approach for this i.e. related to employee role behavior. Jiang et al. (2012) considered a multiple perspectives approach to define the relationship between HRM and organizational outcomes. Gardener et al. (2011) recommended investigating how various HRM system components affect organizational performance. The results and obstacles to sustainable HRM are examined by (Chams and Garcia-Blandon, 2019). But no review paper connects sustainability and success. Almarzooqi et al. (2018) have conducted research; however, it looks at the relationship between effective organizational outcomes and sustainable human resource management in the UAE.

This research is limited to only one country and the generalization of which is not possible because of different business environments across the globe. Different geographical areas have different success rates of HRM practices & factors affecting these practices are also different (Anlesinya and Susomrith, 2020). For example - representatives as supporters of organizational monetary execution in the USA (Taylor and lewis, 2014; Walsh et al., 2003), but in the European context, employee contribution goes beyond that (Ehnert et al., 2014). Because of the different rates of importance given to reward systems & empowerment practices in these countries. This paper will give further insights into knowledge and directions for future research. This work will provide additional understanding and suggest future research. This study emphasizes how important sustainable HRM policies are to any company's ability to succeed. Above all, this study attempted to address the following research question:

RQ1: - What is Sustainable HRM?

RQ2: - What is the impact of sustainable HRM on organizational performance?

Section 2 discusses the methodology used. Section 3 defines the literature view and afterward, discussions are presented. At last, limitations and future research directions are mentioned followed by conclusions.

2. METHODOLOGY

I have done a literature review to compile the information already available on a particular subject. There view used numerous reputable databases, including Wiley and Sons online library, Taylor and Francis, Emerald Insight, Sage publications, research gate.net, academia, British Academy of Management, European Academy of Management, and Elsevier, and it includes articles published between 2011 and September 2023. After carefully examining their abstracts, findings, and conclusions, 83 papers were first discarded because they did not have any direct relevance to the subject. In the end, 41 papers were incorporated into the review paper; Table 1 lists their specifics and corresponding journals. The review includes only articles that are related specifically to the subject. Sustainable Human Resource Management, Green HRM, Organizational Performance, and the Impact of Sustainable HRM Practices on Organizations were the search terms used in this study.
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3. LITERATURE REVIEW

Strategic HRM states that HR is there to be consumed and taken advantage of as opposed to created (Ehnert, 2009). Strategic HRM theory subdivided HRM practices into a bundle of practices to provide better outcomes (Jiang et al., 2012; Lawler et al., 2011). Since the application of individual HRM strategies alone does not yield better or more efficient results (Jiang et al., 2012). According to Ehrent (2009), sustainable HRM refers to emerging HR methods and strategies that support the achievement of organizational goals while also rebuilding the HR foundation over an extended period. Individuals on the board will prioritize maintainability through the use of green HRM and sustainable HRM (Renwick, 2013). A component of sustainable HRM is green HRM. Kramar (2013) states that sustainable HRM links HRM and sustainability. If sustainable HRM is characterized concerning workers, it means providing a flexible and better working environment along with the fulfillment of their workplace needs (Gould, 2009). The most commonly discussed form of human resource management is green HRM, also known as sustainable HRM. (Anlesinya and Susomrith, 2020; Sulej, 2021). Cheema and Javed (2017) showed that green HRM is decidedly connected with a sustainable environment. According to Khan et al. (2019), an organization's sustainable performance is positively impacted by the ecological mix of its commercial operations.

Green HRM practices encourage the employee's green behavior and in turn business performance would be enhanced. Utilizing green HRM techniques enhances both the company's and its employees' sustainability and productivity. (Cherian and Jacob, 2012). Ragas et al. (2017) suggested that the implementation of green HRM practices moderately affects the green lifestyle of employees which positively affects their green performance at the workplace. Green practices also help in maintaining organizational goodwill and performance (Cherian and Jacob, 2012).

3.1 Theoretical background through AMO theory

According to this theory, representatives must be able to inspire, manage, and take advantage of manageable practices to accomplish organizational goals. Renwick et al. (2013) also showed that the component of ability, motivation, and opportunity (AMO) theory helps in enhancing organizational environmental performance by adopting the green criteria related to three Components. According to Jiang et al. (2012), skill-enhancing practices have a favorable relationship with human capital when compared to other practices. Additionally, by impacting human capital, all three dimensions have an impact on financial and operational outcomes.
3.1.1 Ability-enhancing practices-

- **Green Recruitment and selection**
  
  Sustainable performance is advanced through green recruitment and selection when green factors are incorporated into the job description. (Chams and Blandon, 2018). Green recruitment and sustainability have a beneficial association, according to Yong et al. (2019). Thus, green hiring and selection are essential to the organization's success in achieving its green goals. These methods strive to attract and hire environmentally conscious workers, which assists in successfully achieving goals (Renwick et al., 2013). To promote organizational goals, these activities also help in spreading green ideals (Chaudhary, 2019).

- **Green training and development**
  
  The objectives of green training and development initiatives include increased environmental knowledge, competence, and awareness. In 2013 (Renwick et al.). (Guerci et al., 2016; Ghouri et al., 2020) confirmed that environmental performance is improved by green training and development. Ahmad (2015) states that green training is the ‘need of the hour’ for organizations. It sharpens workers' abilities to handle various environmental-related problems. As a result, the most crucial action for raising organizational performance is training and development.

3.1.2 Motivation-enhancing practices-

- **Green compensation and rewards**
  
  The goal of rewards and compensation is to attract, keep, and inspire the best workers. Rewards are effective tools for connecting the interests of the organization and employees. (Jackson et al., 2011; Ahmad, 2015). Ghouri (2020) discovered that environmental performance is positively correlated with green rewards and compensation. Masri and Jarron (2017) found that recognition-based awards had more impact on employees than other types of rewards. Similar findings were made by Tang et al. (2018), who discovered the superiority of social and recognition-based benefits over other types of rewards.

- **Green performance management**
  
  The establishment of green performance standards and the evaluation of employees' performance about those standards are both components of green performance management. It mainly focuses on environmental-related responsibilities (Ahmad, 2015). Performance approval is the most important part of performance management. The use of environmental responsibilities, the communication of environmental issues, and...
Environmental incidents are all part of green performance evaluation. Without a formal performance management system, employees’ improvement rates could be reduced and discipline in the organization may also be hampered (Yong et al., 2019). Motivating staff to support organizational goals is the primary goal of green performance management.

### 3.1.3 Opportunity-enhancing practices

- **Green employee empowerment**
  According to Tariq et al. (2016), green employee empowerment happens when staff members use their empowerment to help the company reach its green objectives. Employees that feel empowered are more likely to perform better than other employees. The practice of allowing employees to take part in and contribute to the organization's sustainability efforts is referred to as "green employee empowerment." Giving employees the information, power, and authority they need to behave sustainably on behalf of the organization's sustainability goals can be one way to do this. Organizations may build a more engaged and motivated workforce and contribute to a more sustainable future by encouraging employees to be more environmentally conscious and take ownership of sustainability efforts.
  
- **Green employee involvement**
  These procedures entail fostering a culture of participation where workers are encouraged to freely offer ideas and proposals for resolving a range of problems. (Liebowitz, 2010). The term "green employee involvement" describes the active involvement of employees in the organization's sustainability initiatives. This may entail encouraging staff members to take initiatives to advance sustainability. Employers may foster a culture of environmental responsibility, boost employee engagement and happiness, and contribute to a more sustainable future by including their workforce in sustainability activities.

### 3.2 Organizational Performance

Analyzing an organization's performance for its goals and objectives is a complex concept that may be assessed in several ways. Examining the effects of practical HRM on four important organizational outcomes—employee workplace behavior, employee job performance, job satisfaction, and organizational commitment—is the main goal of this study. The following measures of organizational success are covered:

#### 3.2.1 Employee workplace green behavior

There could be jobs that require employees to behave ‘green’ like not throwing chemically treated things into the local water system, switching off the buttons when not in use, online discussions so that transportation costs and fuel can be saved and so many other instances are there. Employee job performance is always seen as a result of organizational performance. [Alfes and others, 2012]. Employee job performance is the sumo fan employee's productivity, work product quality, and general effectiveness in carrying out their duties. It can be assessed using a variety of techniques, including performance reviews, productivity measures, and feedback from superiors and colleagues. Job satisfaction, opportunities for training and development, the workplace environment, leadership, and employee engagement are all elements that might affect a person's success on the job. Enhancing employee job performance can result in higher levels of productivity and efficiency, better work quality, and better financial results.

#### 3.2.2 Job satisfaction

It is the extent to which workers feel satisfied with their positions. This goes beyond what they do every day to ensure that team members and organizational policies are satisfied. According to Edwin A. Locke (1976), job satisfaction is a pleasant or good emotional state brought on by an assessment of one's employment or work experiences. An individual's feelings and attitudes toward their employment and work environment are referred to as their level of job satisfaction. It can be affected by several variables, including job stability, pay, work-life balance, and environmental relationships. While high job satisfaction is associated with increased motivation, productivity, and engagement, low job happiness can lead to absenteeism, turnover, and poor performance.
3.2.3 Employee organizational commitment

It could be interpreted as the employees' willingness to assist the organization in achieving its goals (Cherif, 2020). Employee organizational commitment is the degree to which a worker identifies with and is dedicated to their employer. It includes their loyalty, attachment, and readiness to put up effort in support of the objectives and accomplishments of the organization. Job satisfaction, perceived organizational support, chances for growth and development, and the alignment of personal beliefs are some examples of the elements that might affect organizational commitment. Low levels of organizational commitment can result in decreased motivation, absenteeism, and turnover, whereas high levels are linked to greater employee engagement, job performance, and retention. Green HRM and employee workplace behavior

Using insights from the ability, motivation, and opportunity (AMO) theory, the relationship between green behavior at work and green HRM practices—that is, green performance management, green training and development, green recruiting and selection—was examined by Chaudhary (2019). According to Dumont et al. (2016), a psychological green environment serves as a mediating element that links green HRM practices to both in-role employee workplace green behavior and extra-role employee green behavior. Therefore, it is recommended that businesses support eco-friendly initiatives that eventually influence eco-friendly behavior among staff members. Green behavior at work is likely to rise if hiring and selection processes place an emphasis on an individual's green values and if training programs promote these values. Green performance management that takes into account the green performance of employees motivates and encourages them to engage in more green activities (Renwick et al., 2013) and thus promotes green workplace behavior.

3.3 Green HRM and Employee Job Performance

According to Jackson et al. (2014), employee empowerment enhances the effectiveness and efficiency of work performance. Employee performance is consistently seen as a product of organizational performance (Alfes et al., 2012). The ability, motivation, and opportunity (AMO) theory states that a worker's capacity, drive, and opportunity to perform all affect how well they do their job. The development of green skills, employee motivation through rewards and compensation, and the provision of green learning and performance opportunities are all ways to promote organizational performance Renwick et al. (2013).
Figure 2: Model of the study

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3.4 Green HRM practices and job satisfaction

Some other studies also verified the positive relation between both the variables, green HRM practices and job satisfaction (Murat et al., 2014; Ana et al., 2019). According to Cherif (2020), the key component for employee commitment to an organization is job satisfaction. Cherif (2020) stated that employees’ positive perception of HRM practices enhances their satisfaction on the job.

3.5 Green HRM and organizational commitment

HRM practices are also good predictors of organizational commitment (Cherif, 2020). According to Shoaib et al. (2020); organizational commitment is directly impacted by green training and development. Jabbour and Jabbour (2016) stated that employees’ commitment to the environment can be improved by compensating and rewarding them for adopting green practices. Green rewards are very helpful in appreciating environmentally committed employees. According to Likhitkar and Verma (2017), an organization’s perceived green practices are what inspire commitment within the organization. Organizational commitment is directly impacted by green hiring, training, and development, claim Shoiab et al. (2021).

4. DISCUSSIONS

This review paper consolidates fragmented data on the topic of sustainable Human resource management (HRM) and its impact on organizational performance. We tried to establish the link between both variables. Organizations’ future depends upon targeted positive outcomes and to achieve these targeted outcomes development of an effective sustainable approach is necessary (Suliman and Al-sabri, 2009). It is the HR who bridges the gap between sustainable practices and their outcomes (Harvey et al., 2013). According to some research on the firm-level effects of sustainable HRM practices, these policies can help businesses gain a competitive edge, maximize the value of their human capital, and improve their environmental performance (Anlesinya and Susomrith, 2020). According to Chams and Blandon (2018), employee engagement, commitment, and retention at work are the main results of sustainable HRM strategies at the individual level. Sustainable HRM is itself a newer topic. We tried to summarize the background history of sustainable HRM and how this topic emerged. Some scholars have reviewed this topic in the past (Anlesinya and
Susomrit, 2020) and demand further research in this area. Sulej (2021) conducted a hybrid literature review on the fundamental purposes of sustainable HRM using the H+ classics approach. A small number of researchers have recently demonstrated the relationship between other factors such as workplace behavior, job performance, organizational commitment, employee retention, job satisfaction, and sustainable HRM. Our study combined all of the above results and concluded that sustainable HRM has a positive impact on organizational. We found evidence for the positive effect of sustainable HRM on organizational performance. After analyzing all the collected data, our research concluded that sustainable HRM improves organizational performance.

We found evidence that sustainable HRM improves organizational performance. From this review, it is clear that green HR practices influence the employee's work performance which is similar to the results shown by Ragas et al. (2017). Additionally, Shoaib (2021) contended that the adoption of green practices within the company benefits the advancement of workers' knowledge and skill sets. Furthermore, the organization's environmental performance is enhanced via green HRM practices. Past studies focused on only one or two elements like HRM practices and job satisfaction (Cherif, 2020), Environmental performance and green human resource management (Hameed et al., 2019), green HRM practices, and employee retention (Likhitkar and Verma, 2017). But no paper combined all the factors. So, we tried to fill this gap. Training and hiring are the two HRM strategies that have the strongest correlation with company performance.

This paper highlights the importance of ability, motivation, and opportunity (AMO) theory. This is the most explored theory in this area. HR practices were divided into three main areas under the AMO theory: activities that improved ability, practices that improved motivation and practices that improved opportunities. The organization's performance would suffer if these three practices were combined. For all three kinds of practices, there should be a proper communication system in the organization so that the right information at the right time and the right place can be available. This suggestion is similar to the suggestion given by Dumont et al. (2016). It is suggested that by investing in sustainable or green practices a firm can enhance its productivity with the help of employees and can get a competitive advantage in the market also it helps in increasing the goodwill of the firm. There is evidence in the literature that individual characteristics and behavior play an important role in sustainable performance (Chams and Blandon, 2018). For example- Green employee empowerment enhances motivation to work directs them regarding their job and helps them in achieving the objective of the firm. Employee perception towards an organization plays a crucial role in determining their performance. It is related to organizational commitment. If employees are committed to the organization then it will be beneficial for the firm. Additionally, research has shown that green HRM techniques Affect worker performance by encouraging environmentally conscious behavior. (Jiang et al., 2012; Renwick et al., 2013; Jabbour, 2011). That is why we included factors like employee's green behavior and employee commitment in our study. If employees are satisfied and their behavior is positive towards the organization then they could work with more energy and the employee turnover rate will also decrease. It would cut the cost for the organization which would lead to positive financial outcomes for the organization. Also if organizations adopt sustainable practices like polluting vehicles, turning off the electricity switches when not in use, going paperless, etc. will lead to environmental benefits and would help in saving our environment. We can say that sustainable HRM is an advanced version of strategic HRM that not only focuses on financial outcomes but environmental and societal outcomes also. Renwick et al. (2013) suggested that sustainable human resource management practices additionally helps in improving the employees' capacity, inspiration, and opportunity in term of AMO theory. As per AMO theory, organizational performance is the capability of an employee's capacity, inspiration, and valuable chance to commit.

5. LIMITATIONS AND FUTURE RESEARCH DIRECTIONS–

There could be other ways of bundling HRM practices. Various HRM practice bundles may be operating in different ways. Future research ought to investigate the effects of various pillars for bundling HRM practices on desired outcomes. According to the HRM literature, a variety of underlying mechanisms influence organizational performance. We couldn't account for every measure that could influence the
performance. Further research is required on occupational and professional employee groups (Richards, 2019). Anlesinya and Susomrith (2020) discovered a significant geographical disparity in sustainable HRM research. As a result, additional research is required in various regions of the world to learn about the various occluded facets of sustainable HRM. Future studies should primarily focus on how each sustainable HRM approach affects employee performance in various corporate situations (Jeronimo et al., 2020). The relationship between employee organizational performance and green HRM practices has only been conceived in the research that is now available.

6. CONCLUSION
This study systematically reviewed sustainable HRM and its practices intending to find its impact on organizational performance. Our study's conclusions fall within the purview of AMO theory. The result reveals that there is a positive relationship between sustainable HRM and organizational performance. HR practices mark their impression on the organization in the form of job satisfaction, employee-green workplace behavior, organizational commitment, and job performance. These factors will boost the performance of employees. If employees perform well at the workplace, it will automatically enhance the overall organizational performance in a good manner. Better environmental performance will result from the use of green HRM practices. According to Ghouri et al. (2020), there is a favorable correlation between corporate performance and environmental performance. Thus, there is a favorable correlation between organizational success and sustainable HRM. Our research will advance the discipline by reviewing key HRM procedures, like as recruitment and training, and examining how these affect the performance of organizations. This will help future researchers who are interested in knowing the outcomes of sustainable HRM.

7. REFERENCES


