

# **Enhancing the Role of Human Resource Management in Corporate Sustainability and Social Responsibility: A Multidimensional, Multi-Stakeholder Approach to HRM**

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## **Abstract**

This paper focuses on the increased pressure for corporations to engage in corporate sustainability (CS) and corporate social responsibility (CSR) in order to address the current crisis of confidence in business, align their activities with the needs and expectations of a broader set of stakeholders, and help tackle the world's grand challenges. We argue that human resource management (HRM) has a potentially vital role to play in contributing to a firm's CS/ CSR efforts, but so far has failed to deliver. We explore the reasons for this failure and discuss ways for HRM to play a more prominent role in the design and implementation of a firm's CS/ CSR strategy. Building on earlier attempts to integrate corporate responsibility and sustainability into the HRM performance construct, we propose a multidimensional, multi-stakeholder approach to sustainable HRM that encompasses activities aimed both at avoiding harmful consequences for stakeholders and contributing to positive outcomes along the triple bottom line (i.e., people, planet, and prosperity). We discuss implications for research and develop a set of propositions and guidelines for future research.

**Key words:** corporate responsibility, sustainable development goals, grand societal challenges, sustainable HRM, multi-stakeholder perspective

## **Enhancing the Role of Human Resource Management in Corporate Sustainability and Social Responsibility: A Multidimensional, Multi-Stakeholder Approach to HRM**

Interest in corporate sustainability (CS) and the closely related concept of corporate social responsibility (CSR) continues to grow. One key driver is the unending wave of corporate scandals and collapses that have destroyed hundreds of billions of dollars of market value and the consequent crisis of confidence in our current institutions and economic system (Liran, & Dolan, 2016; Pearce & Stahl, 2015; Waldman & Siegel, 2008). This has resulted in increased stakeholder activism and regulatory scrutiny. Another driver is the growing economic, social and environmental problems facing the world – ‘grand challenges’ (George, Howard-Greenville, Joshi, & Tihanyi, 2016), like those posed by climate change, poverty and hunger, growing economic insecurity, and restricted access to education. These problems are accompanied by increased pressure for corporations to “contribute to the creation of economic and societal progress in a globally responsible and sustainable way” (GRLI, 2017: 3). The creation of the United Nations Sustainable Development Goals to end poverty, protect the planet and ensure prosperity for all is a reflection of these developments. This initiative comes at a time when seismic changes in the international political landscape, the rise of anti-globalization sentiments around the globe, the inflow of migrants and refugees and resulting xenophobic backlash in many countries, and other geopolitical crises pose new challenges for companies, particularly those operating across national borders (Buckley, Doh, & Benischke, 2017; Horak, Farndale, Brannen, & Collings, 2018; Inglehart & Norris, 2016).

<<**Figure 1: The United Nations *Sustainable Development Goals*** about here>>

The private sector is increasingly seen as a critical part of the solution to these challenges, positioning “corporations as important and necessary social change agents” (Aguilera, Rupp, Williams & Ganapathi, 2007:857). Many companies have committed to addressing these larger societal challenges and have taken some form of action to align their activities with the needs of stakeholders inside and outside the organization, as demonstrated by the growing number of

partnerships between corporations and governments, the emergence of dedicated CS/ CSR departments in many large companies, and the proliferation of voluntary self-regulatory codes like the UN Global Compact. Some have gone even further and adopted ‘profit-with-purpose’ business models (Levillain, Segrestin & Hatchuel, 2019), with the goal of creating shared value (Porter & Kramer, 2011) and contributing to the triple bottom line (i.e., people, planet, prosperity). For example, in a newspaper interview Paul Polman, the CEO of Unilever argued “We now have the opportunity to eradicate poverty and deal with the issue of climate change. What bigger opportunity do you want to see? Companies make up 60% of the global economy. If they don’t play an active part, how can we solve [these crises]?” (Burn-Callander, 2015).

Both the academic (e.g., Eccles, Ioannou, & Serafeim 2014; Siegel & Vitaliano, 2007) and practitioner literatures (e.g., Kearns & Woollard, 2019; McKinsey, 2014) show that firms may benefit economically from incorporating responsibility and sustainability principles into their strategies and core business processes. Concomitantly, however, research also points to business-as-usual tendencies and ‘decoupling strategies’ – or ‘greenwashing’, i.e., demonstrating symbolic social or environmental responsibility while leaving the core business untouched (Crilly, Zollo, & Hansen, 2012; Graafland & Smid, 2016; Wright & Nyberg, 2017). Indeed, some have argued that the ‘business case for CSR’ has had the perverse effect of limiting firms’ efforts to resolve these critical issues (Barnett, 2019). Thus, the fundamental challenge for corporations is to fully integrate CS/ CSR into their strategies, business models, and operating processes and build cultures that support the necessary transformation of mind-sets and behaviors.

We propose that sustainable human resource management (sustainable HRM), defined as “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” (Ehnert, Parsa, Roper, Wagner, & Müller-Camen 2016, p. 90), has a potentially vital role to play in addressing these challenges and delivering CS/ CSR initiatives that go beyond mere public relations exercises. But it appears that HRM specialists and departments are not currently

accepted as partners in influencing CS/ CSR strategies, nor is HRM a key implementer of CS/ CSR initiatives and programs (Cohen, Taylor, & Müller-Camen, 2012a; Mellahi, 2014). We examine this failure, explore the reasons for it, and identify ways for HRM to play a more prominent role in the design and implementation of a firm's CS/ CSR strategy. Building on earlier attempts to integrate a stakeholder perspective into the HRM performance construct (Beer, Boselie, & Brewster, 2015; Paauwe, 2004; Rogers & Wright, 1998), and drawing on existing CSR, sustainability, and ethics frameworks that define a corporation's responsibilities to society and the global community, we propose a multidimensional HRM performance framework that can be used as a basis for assessing the potential of a firm's HRM system to contribute to positive outcomes and constrain negative outcomes in the economic, environmental and social domains. By providing a framework that integrates the CS, CSR and HRM literatures around the concept of sustainable HRM and considers the ethical foundations as well as inherent tensions and tradeoffs involved in sustainable HRM we attempt to overcome the "piecemeal" approach (Kramar, 2014, p. 1075) and "lack of theoretical anchoring, conceptual framing and meta-theoretical awareness" (Voegtlin & Greenwood, 2016, p. 182) that has characterized this literature to date. We conclude by demonstrating how HRM research can aid the practice of CS/ CSR by offering actionable and evidence-based solutions to practitioners who wish to contribute to the achievement of their organization's CS/ CSR goals.

**Our point of departure: HRM should be deeply involved in CS/ CSR (and vice versa)**

HRM scholars maintain that the HRM function "is uniquely positioned to assist in both developing and implementing [CSR and] sustainability strategy" (Cohen, et al., 2012a, p.1), first, because CS/ CSR has implications for HRM; and, second, because most CS/ CSR strategies have an internal as well as an external element (Goergen, Chahine, Wood, & Brewster, 2017; Mellahi, Morrell, & Wood, 2010). The internal element covers the way people within the organization are treated and the external element ensures that the needs and expectations of external stakeholders are met. HRM can contribute to both goals, by *inter alia* fostering employee commitment to, and engagement with,

the firm's CS/ CSR activities, integrating CS/CSR principles into existing HRM processes, and creating stakeholder alignment (both internal and external).

Scholars linking CS/ CSR and HRM rarely explicate their understanding of the connection between these concepts or the assumptions they make when exploring this relationship. Voegtlin and Greenwood (2016), in their review of existing research on the CS/ CSR - HRM relationship, identified two dominant trends in the extant literature: HRM is seen as a part (or driver) of CS/ CSR, or CS/ CSR is seen as a part (or enabler) of sustainable HRM. There is little research looking at CS/ CSR and HRM as a complex, mutually dependent and interactive relationship (see Gond, Igalens, Swaen, & El Akremi, 2011, for an empirical exploration of the CSR-HRM interface).

Depictions of HRM as an element or driver of CSR explore how various HRM practices impact CS/ CSR. This literature suggests that HRM activities are critical for creating employee commitment to, and engagement with, CS/ CSR; building CS/ CSR capabilities; and integrating CS/ CSR principles throughout the organization. Examples of HRM activities driving or impacting CS/ CSR include values-based recruitment and selection, induction training, employee development, talent management, and performance management and incentive systems aligned with the firm's CS/ CSR strategy (Cohen, Taylor, & Müller-Camen, 2012b; Slack, Corlett, & Morris, 2015; Voegtlin & Greenwood, 2016).

CS/ CSR, in turn, can contribute to HRM by, amongst other benefits, helping to create a strong employer brand to attract and retain talent, informing selection procedures on issues of inclusion and equal opportunity, introducing standards of decent work, defining CS/ CSR principles consistent with the strategic business direction that HRM can use to incentivize and reward employees, and offering company-sponsored volunteerism and service learning programs aimed at promoting social responsibility and sustainable development (e.g., Caligiuri, Mencia, & Jiang, 2013; Garavan & McGuire, 2010; Mirvis, 2012). The vast majority of more than 700 corporate CSR and HRM professionals surveyed in the USA (SHRM, 2011) viewed CS/ CSR as important for achieving HRM goals such as attracting top talent (89%), improving employee retention (85%)

and developing the organization's leaders (81%). A number of trends are predicted to foster the connection between CS/ CSR and HRM, including the desire of millennials and post-millennials to work for companies aligned with their values (Jones, Willness, & Madey, 2014; Klimkiewicz & Oltra, 2017), the resulting need for companies to achieve employer differentiation and position themselves as an employer of choice for these and other demographic groups (Birkinshaw, Foss & Lindenberg, 2014; Collings, 2014), and pressure from active shareholders to link executive compensation schemes to the company's CS/ CSR performance to generate long-term value (Deckop, Merriman, & Gupta, 2006; Hong, Li, & Minor, 2016).

Despite the close connection between CS/ CSR and HRM, however, it appears that HRM practitioners are not currently accepted as partners in influencing CS/ CSR strategies, nor is HRM a key implementer of CS/ CSR initiatives and programs (Cohen et al., 2012a). In a survey of more than 700 senior executives at Fortune 1000 companies, Bonner and Friedman (2013) examined the level of involvement that various parties within the organization have in CSR-related decision making. The findings revealed that key influencers are the C-suite and board of directors (82%), followed by the legal (51%), public relations (45%), sales (24%) and marketing (30%) departments. Corporate HRM was not found to play a key role in setting CSR strategy. Similarly, an earlier SHRM survey (2011) found only 6% of respondents viewed HRM as involved in developing the firm's CS/ CSR strategy and only 25% maintained that HRM was involved in implementing CS/ CSR strategies and initiatives.

Clearly, the HRM function has the potential to contribute to the CS/ CSR agenda; however, it is currently neither involved in the design and implementation of CS/ CSR strategies, nor is CS/ CSR seen as major contributors to the firm's HRM goals. In short: HRM "hasn't taken ownership of HR issues associated with CSR. ... HR could play a much more prominent role in an organization's CSR strategy" (Mellahi, 2014, p. 3). Indeed, research suggests that the HRM function is uncomfortable with current understanding of its role in relation to CS/ CSR (Cohen, 2010).

## Explaining HRM's failure to get involved in CS/ CSR

How are we to explain the failure of HRM to be more involved in CS/ CSR? Much is of course a result of the failure of top management to empower the HRM function and allow HRM specialists to develop and play a key role in CS/ CSR. The wider lack of strategic influence of the HRM function has been widely documented – and much lamented – for a long time (Becker, Huselid, & Ulrich, 2001; Lawler, 2017), and HRM's role in the design and implementation of CS/ CSR strategies is no exception.

Another explanation is that in many firms CS/ CSR still fundamentally serves as a compliance and risk-management function and/ or is largely decoupled from core business processes (Crilly et al. 2012; Graafland & Smid, 2016; Wright & Nyberg, 2017). One stream of research in the CS/ CSR area which is central to our discussion of the role of HRM in CS/ CSR has explored the degree to which firms' sustainability efforts and CSR activities are *substantive* (cause-serving) or *symbolic* (self-serving). In the former case, CS/ CSR activities tend to be tangible, measurable and impactful; in the latter firms are merely seeking to use green rhetoric in order to appear to be committed to CS/ CSR, to placate various stakeholder groups or avoid more serious legal or other consequences (Donia, Ronen, Tetrault Sirsly & Bonaccio, 2019; Perez-Batres & Doh, 2014; Schons & Steinmeier, 2016). While symbolic CS/ CSR, e.g., in the form of corporate credos and mission statements, adoption of voluntary codes like the UN Global Compact, or attempts to convey to consumers that products are socially and/ or environmentally responsible (e.g., Coca Cola's green "Coke Life" cans) do not require high levels of HRM involvement, substantive CS/ CSR activities, such as attempts to improve working conditions along the supply chain, efforts to reduce the carbon footprint, or corporate volunteering and service assignments all require high levels of employee commitment and engagement – and, thus, HRM involvement. An example of substantive CSR engagement is IBM's Corporate Service Corps (CSC) – a 'peace corps' operated by the company. Since its establishment in 2008, CSC has sent 3000 employees in over 275 teams to nearly 40 countries for one-month service assignments where they co-create social innovations

together with NGOs, social enterprises, or government agencies. Thousands of IBM employees have engaged in shorter-term volunteerism and community development programs (Mirvis, forthcoming). The following quote highlights the importance of creating employee commitment and engagement for the success of a company's CS/ CSR programs and initiatives: "No company can mandate volunteerism. The decision and self-sacrifice comes from within the individual. What we can do is encourage and support this distinctive aspect of our culture by providing education, technology, funding, and recognition to thousands of IBM colleagues who enrich their communities with their expertise and caring" (Sam Palmisano, former CEO of IBM, cited in Mirvis, 2012: 93).

The extent to which a company's CS/ CSR activities are substantive versus symbolic thus has implications for the HRM function. Mirvis (2012) argues that as companies are progressing from an elementary (i.e., compliance-based) or symbolic to a substantive and "engaged, innovative, integrated and, in some instances, transformative approach to CSR" the way they think about their responsibilities and deal with stakeholders becomes more complex and the HRM function plays an increasingly strategic role. This is consistent with Cohen et al.'s (2012:5) observation that, in companies that engage only in symbolic CS/ CSR, HRM is relegated to a merely operational role and its contribution to CS/ CSR is limited. From this perspective, the lack of involvement of the HRM profession is partly a reflection of the low stage of development and lack of sophistication of most companies' engagement with CS/ CSR.

The failure of the HRM profession to take a leading role in the design and implementation of CS/ CSR strategies may partly be blamed on the HRM practitioners themselves. Arguably, in the pursuit of 'business partnering' and similar nostrums related to their desire to be 'part of the C-suite', HRM executives have accepted a role as the factotum of the board and have ignored their role in building CS/ CSR capabilities and balancing the interests of different parties within the organization (Beer et al., 2015). As a consequence, they have bought-in to the notion of CS/ CSR as a public relations exercise – in fact, as the Bonner and Friedman (2013) study revealed, many

companies delegate responsibility for CSR to the corporate communications or public relations department. Some 'business partners' have ignored the CS/ CSR altogether.

We contend that part of the failure to get involved in CS/ CSR may also be laid at the feet of scholars: And that is the main focus of our argument in this article. Although there is a growing body of research on the HRM–CS/ CSR link, HRM scholars have so far failed to offer specific, actionable and evidence-based solutions to practitioners who wish to contribute to the achievement of their organization's CS/ CSR goals (Westerman, Vanka, Rao & Gupta, 2017). Beer et al. (2015: 433) noted that "firms that intend to treat their owners, employees, customers, and their communities as stakeholders ... find only limited guidance in the current HRM literature". Similarly, Jackson and Seo (2010: 278) concluded from a review of the literature on 'Green HRM' that "there is very little scholarship that considers the role of HRM systems in organizations striving to achieve environmental sustainability". Other scholars (Aguilera et al., 2007; Slack et al., 2015) have noted that despite the centrality of employees in CS/ CSR initiatives, there is a paucity of research on how to create employee engagement with CS/ CSR and the impediments relevant to this engagement.

The limited relevant research is regrettable at a time of increased pressure on practitioners working in the CS/ CSR field to adopt evidence-based practices (Cohen et al., 2012b; Gond et al., 2011), and, consequently, a readiness on their part to learn from academic research. In frequent conversations we have with managers charged with the implementation of CS/ CSR strategies they often raise questions that have a distinct 'HRM flavor', such as how to implement and encourage sustainable practices in the workplace, foster employee engagement with the firm's CSR activities, link employee performance appraisal and rewards to sustainability and social responsibility, develop stakeholder engagement skills in managers, and so on. In most cases, there is no or very little systematic research available on which to base our recommendations, or the available research is simply not perceived as relevant to the needs of practitioners (see the 2007 *Academy of*

*Management Journal* Special Issue on the “Research-Practice Gap in Human Resource Management”).

A further limitation of the extant literature from an HRM perspective has been that, to a large extent, scholars seem to have accepted unquestioningly the decision of senior HRM executives to focus on organizational performance and shareholder value as the main objective of HRM systems (Garavan & McGuire, 2010; Kaufman, 2010; Kearns & Woollard, 2019; Thompson 2011). As Lengnick-Hall et al. (2009, p. 76) observed, “virtually all HRM research takes the managerial/organizational perspective with an emphasis on the consequences for organizational performance”. Thus, the largest single area of research focus has been the literature on the HRM-firm performance link (Brewster, Gooderham & Mayrhofer, 2016; Rogers & Wright, 1998; Wright & Ulrich, 2017), especially in the work on high-performance work practices (Huselid, 1995). Much of this research is premised on the ‘mutual gains’ perspective, i.e., the assumption that employees and employers both benefit from high-performance work practices (Mariappanadar, 2014: 313). This ‘unitarist’ framing of HRM as inherently consensual and of benefit to employers and employees alike is increasingly being challenged (e.g., Boxall, 2013; Guest, 2017; Greenwood & Van Buren, 2017; Thompson, 2011; Van Buren, Greenwood, & Sheehan, 2011).

In sum, the emphasis on organizational performance and shareholder value in both HRM research and practice has limited the connection between HRM and CS/ CSR. As Pfeffer (2016, p. 668) suggested, HRM scholars have been complicit in accepting at face value this shareholder maximization logic so widely prevalent in practice, “happily worrying about performance with too little attention to its human costs”. He argues that “we need to expand our dependent variables to consider psychological and physical health and, for that matter, other aspects of employee well-being, much more frequently in our research – not because these things affect costs and profits, although they surely do, but as important outcomes in their own right”. To this we would add: The HRM-CS/CSR debate means we need to expand our definition of HRM performance even further

and consider HRM's contribution to meeting the needs of a broad set of stakeholders, including those external to the firm and in society at large.

**To contribute to CS/ CSR HRM (scholars and practitioners) need a multidimensional, multi-stakeholder approach**

So how are we, as HRM scholars, to contribute to overcoming the blind-spots that lead to this lack of engagement with CS/ CSR? We contend that if we are to make HRM research relevant and impactful, we must widen the lens and adopt a multi-stakeholder perspective on HRM (Beer et al., 2015; Paauwe, 2004; Rogers & Wright, 1998). Recognizing that corporations derive their legitimacy and supporting resources from society, Beer et al. (2015) recently suggested returning to the 'Harvard Model' of HRM (Beer, Spector, Lawrence, Mills, & Walton, 1984) and ensuring a focus on the needs of multiple stakeholders – not just because that more closely reflects the reality of managing HRM in practice, but because to do so is more ethical. They advocate the adoption of a multidimensional performance construct that looks beyond shareholder value maximization and considers a broader array of criteria, including organizational effectiveness, individual well-being, and societal welfare.

We build on some of the ideas proposed by Beer et al. (2015) as well as more specific statements on particular stakeholders (Collings, 2014; Guest, 2017; Kramar, 2014; Mariappanadar, 2014; Müller-Camen & Elsik, 2015) and extend them. In line with attempts to integrate the CS and CSR literatures around the concept of the 'triple bottom line' (e.g., Morgeson, Aguinis, Waldman, & Siegel, 2013; Stahl & Sully de Luque, 2014), the multidimensional framework of sustainable HRM presented in Figure 2 considers HRM's contribution to a range of positive and negative outcomes in the social, environmental and economic domains, reflecting the aims of both doing good and avoiding harm. These dual goals reflect the Kantian distinction between "duties of perfect and of imperfect obligation" (Kant, 1797/1991), i.e., duties to refrain from harm (proscriptive morality) and to advance the aims of others (prescriptive morality); and they correspond to two dominant themes in the CS/ CSR literature, namely concerns about businesses' detrimental effects

on society, the environment and the economy (avoiding ‘negatives’), and ambitions about contributing to social well-being and environmental and economic sustainability (creating ‘positives’). Thus, we adopt a definition of corporate responsibility that goes beyond compliance and ‘moral minimalism’ (Walzer, 1994) and encompasses the expectation that corporations, through their activities, contribute to societal progress in a responsible and sustainable way. Accordingly, HRM practices can be considered responsible or sustainable in so far as they contribute to social welfare, environmental protection and long-term economic prosperity, and irresponsible or unsustainable if they harm social, environmental, and economic well-being.

<< **Figure 2: Multidimensional HRM framework of sustainable HRM** about here>>

The social dimension of sustainable HRM will largely involve concern for employees’ well-being (Guest, 2017; Van De Voorde, Paauwe, & Veldhoven., 2012), not just in terms of their health but including their job security (Diekmann, Barsness, & Sondak, 2004) and organizational justice (Rupp, Shapiro, Folger, Skarlicki, & Shao, 2017). The latter includes issues related to distributive justice (i.e., fairness of decisions affecting employees in such areas as pay, reward, or performance ratings), procedural justice (i.e., fairness of the process and procedures for allocation decisions that include employee outcomes), informational justice (i.e., ensuring employees have sufficiently specific, timely and complete information about organizational issues that affect them), and interpersonal justice (i.e., the fairness and degree of respect of interpersonal treatment of employees by decision makers) (Bies & Moag, 1986; Colquitt, 2001; Greenberg, 1993). However, the social responsibility dimension of sustainable HRM goes beyond employees and may include social projects in the local community (Davila & Elvira, 2018), and thinking carefully about the impact on poorer countries of operating through supply or value chains (Linton, Klassen & Jayaraman, 2007), engaging in human rights issues (Wettstein et al., 2018). In purpose-driven companies, this may even include HRM’s contribution to addressing grand societal challenges and reaching the ambitious targets set out in the Sustainable Development Goals, in areas such as quality education (e.g., by offering internships and supporting vocational training in lesser-developed countries),

reduced inequalities (e.g., by offering career opportunities for women and members of minorities), and decent work and economic growth (e.g., by stimulating entrepreneurial activities and social innovation through cross-sector partnerships) (Lenox & Chatterji, 2018; Voegtlin, Scherer, Hawn, Siegel, & Stahl, forthcoming).

Sustainable HRM thus has both an internal and external element, covering HRM aspects associated with the way people within the organization are treated and how the needs of external stakeholders are addressed. The same is true for the *environmental* and *economic* dimensions of sustainable HRM. Both focus primarily on employees as the key internal stakeholder group and the target of HRM activities. They also have an external element in ensuring that HRM practices comply with laws, regulations and societal norms, are aligned with the needs of external stakeholders and help address societal challenges in line with the Sustainable Development Goals, e.g., by encouraging the adoption of sustainable behaviors and eco-friendly practices among suppliers and joint venture partners (i.e., the environmental sustainability dimension) or by incentivizing managers to look beyond the short-term bottom line to long-term value creation that benefits both the organization and society (i.e., the economic sustainability dimension).

The multidimensional framework of sustainable HRM provides a basis for assessing the potential of a firm's HRM system to contribute to positive outcomes and constrain negative outcomes in the economic, environmental and social domains, in line with Rogers and Wright's (1998) two-decade-old call to "integrate purpose and stakeholders into the [HRM] performance construct" (p. 320). It is consistent with the emerging integrative view on sustainability (Gao & Bansal, 2013; Hahn, Pinkse, Preuss & Figge, 2014), which acknowledges that inevitable tensions and trade-offs exist between economic, environmental and social considerations with various temporal horizons (e.g., long-term vs short-term) and spatial dimensions (e.g., local vs global). For example, corporations may find it difficult to strike an appropriate balance between meeting the demands of external stakeholders (e.g., the needs and rights of employees in the global supply chain) and the need to achieve firm-level benefits to maximize shareholder value (for a discussion

of sustainability-related tensions and paradoxes in the context of HRM see Ehnert, 2009; Kramar, 2014; Müller-Camen & Elsik, 2015). Also, since sustainable development is targeted at the long-term creation of economic, environmental and social value, and involves a transition from currently unsustainable to more sustainable practices (Hahn et al., 2014; Slawinski & Bansal, 2012), the framework of sustainable HRM presented in this paper explicitly incorporates the time dimension. This includes careful thinking about the long-term consequences and side effects of existing practices and engaging in innovation to develop more sustainable technologies and reduce the unsustainability of existing technologies. We argue that HRM can play a key role in responsible innovation and sustainable development – and in a few pioneering companies already does (Lenox & Chatterji, 2018; Mirvis, forthcoming; Voegtlin et al., forthcoming).

**Putting sustainable HRM into action: Examples of HRM activities designed  
to promote CS/ CSR**

Table 1 provides specific examples of how HRM practices can contribute to positive outcomes or prevent negative outcomes in the economic, social and environmental domains.

**<<Table 1: Putting Sustainable HRM into Action: Examples about here>>**

Activities aiming at avoiding harmful consequences for stakeholders, in areas such as employment discrimination, worker safety, or environmental protection, are usually regulated (in most developed economies, at least). Even if not required by the law, companies are expected to fulfil these quasi-mandatory requirements and ethical obligations to society, and failure to do so may result in a loss of legitimacy and reputational damage. Thus, the main motivation for engaging in these practices is to reduce legal and reputational risks (e.g., avoid litigation costs associated with lawsuits for discriminatory practices). By contrast, a company's attempts to 'do good', e.g., by supporting community development, improving employee engagement in green behavior, or designing employee-friendly policies and practices are largely discretionary. According to Carroll and Shabana (2010), these 'desired activities' that go beyond what is required by the letter of the law

and the fulfilment of minimum ethical standards are based on “the new, broader, social contract between business and society” (p. 90) that emerged as a result of the global financial crisis, growing social and environmental challenges facing our planet, and changing attitudes and expectations on the part of the younger generation. A company may engage in these discretionary practices for a variety of reasons, for example, to complement the company’s business model and strategy, attract talent, or simply because they seem like the ‘right thing’ to do and are consistent with the organization’s mission and values. For example, when asked how Johnson & Johnson’s commitment to CS/ CSR had resulted in superior financial performance, former CEO Ralph S. Larsen said: “The core values embodied in our credo might be a competitive advantage, but that is not why we have them. We have them because they define for us what we stand for, and we would hold them even if they became a competitive disadvantage” (Collins & Porras, 1996: 89). Thus, companies’ motivations for engaging in sustainable HRM practices (or refrain from unsustainable practices) can be classified into three broad categories: compliance-related; instrumental/ strategic; and mission-led/ values-driven (Cohen et al., 2012b; Maak, Pless, & Voegtlin, 2016; Waldman, Siegel, & Stahl forthcoming). Some companies have managed to reconcile the tension between strategic imperatives and social objectives by embracing an “integrative” philosophy regarding CS/ CSR (Maak et al., 2016: 470) that involves building long-term relationships with diverse constituencies, with the objective of generating long-term shareholder value while driving positive social change. One example is Danone, whose Chairman, Frank Riboud, leads the firm as “a business that creates economic value by creating social value” (Kruglianskas & Vilanova, 2013).

Companies that have adopted ‘profit-with-purpose’ business models (Levillain et al., 2019) may reflect this approach. For example, Novo Nordisk, a global healthcare company with leadership in diabetes care, has explicitly stated a purpose beyond profit maximization since its founding (Gartenberg, Prat & Serafeim, 2019 forthcoming). It introduced the ‘Novo Nordisk Way of Management’ as the values-based governance framework for the company. The framework describes how managers and employees put values into action to ensure that its products and

services make a “significant difference in improving the way people live and work” and that its “activities, practices, and deliverables are economically viable, environmentally sound, and socially fair” (Mirvis, 2012: 109). At the core of the ‘Novo Nordisk Way’ is a set of HRM goals, principles and practices that are closely aligned with the CS/ CSR strategy and underpin the company’s commitment to the triple bottom line and sustainable development. For example, every employee is expected to spend at least one day a year with someone connected to diabetes (a patient, caretaker, or healthcare professional) and then to suggest improvements for how the company addresses the needs of these groups. As part of the compensation package at Novo Nordisk, managers are rewarded for performance that meets or exceeds the financial and non-financial targets in the balanced score card, which comprise corporate, unit-specific and individual targets. Non-financial performance is guided by measures for the company’s impacts on the triple bottom line. These include socio-economic impacts such as job creation, the ability to manage environmental impacts and optimize resource efficiency, and social impacts related to the well-being of employees, patients and communities (Strandberg, 2009).

To further illustrate HRM’s role in doing good and avoiding harm in the economic, social and environmental domains, next we discuss three major areas where adoption of a multidimensional HRM performance framework could lead to positive outcomes and constrain negative outcomes for a variety of stakeholders: talent management, workers’ rights in global supply chains, and Green HRM.

### **The economic domain (and beyond) of sustainable HRM: Designing talent management systems embodying the principles of CS/ CSR**

Talent management has become a central theme in HRM research over the past decade or so (Cappelli & Keller, 2014; Collings, Mellahi, & Cascio, 2019). A key premise of talent management is a greater emphasis on workforce differentiation: “formalized approaches to the segmentation of the workforce based on employees’ competence or the nature of roles performed to reflect differential potential to generate value” (Collings, 2017: 300). It is argued that better management

of the pool of critical employees will likely have the greatest impact on value creation within and beyond the firm (Delery & Shaw, 2001; Lepak & Snell, 1999). However, it is generally recognized that many organizations have failed in developing effective talent management programs (Cappelli & Keller, 2014), and there is little evidence that talent management programs are effectively aligned with companies' CS/ CSR programs (Bhattacharya, Sen, & Korschun, 2008). It has been argued that the failure to effectively manage and develop talent can be traced, in part, to a narrow conceptualization of performance, in which performance is considered solely in terms of shareholder returns while ignoring other stakeholders (Collings, 2014). Indeed, a recent study by McKinsey consultants found that 63% of respondents felt the pressures to generate short-term results had increased over the previous five years. Worryingly, four out of every five respondents stated that the time period over which performance was evaluated was two years or less (Barton & Wiseman, 2014). These pressures may translate into HRM systems that fail to effectively align individuals and organizations in the generation of value. We echo calls for a broader consideration of outcomes of effective talent management embodying the principles of CS and CSR, based on the argument that the goal of shareholder wealth maximization can prioritize the maximization of short-term financial returns over investment in human capital and pursuing longer term sustainability (Kearns & Woollard, 2019).

One example of how companies can integrate CSR into their talent management is through corporate volunteering programs (Caligiuri et al, 2013; Caligiuri, Mencia, Jayne & Traylor, 2019). They are an excellent example of how organizations can contribute significantly to non-governmental organizations and other social causes while at the same time building leadership competencies in participants and increasing engagement with their organization and retention (Bode, Singh, & Rogan, 2015; Caligiuri et al, 2013; 2018; Pless, Maak, & Stahl, 2011). Research confirms that where the volunteers are highly capable, as one would expect members of a talent pool would be, the impact of their volunteering efforts were more lasting and sustainable in the NGOs they worked in (Caligiuri et al, 2013). Indeed, employees are often willing to share the cost

burden of such CSR initiatives through reduced salaries when involved in such initiatives (Bode et al, 2015).

A second key means through which organizations can integrate a greater degree of CSR into talent management programs is through embodying the principles of CS/ CSR in management development to avoid short-termism on the part of future leaders and encourage them to pursue longer term sustainable performance and investment in human capital (Collings, 2014). This stands in contrast with much of thinking and practice in talent management that has generally considered performance, and hence success, solely in terms of shareholder returns. The latter translates into talent programs that fail to effectively align individuals and organizations in the generation of value and a failure to recognize stakeholders beyond owners or shareholders (Thunnissen, Boselie & Fruytier, 2013). Companies that are defined by a sense of purpose and that prioritize employees as stakeholders generally have higher levels of alignment between organizational and employee goals and more highly motivated employees (Birkinshaw, Foss, & Lindenberg, 2014). It has been argued that higher levels of alignment between organizational and employee goals with more highly motivated employees (Birkinshaw et al., 2014) will translate into more sustainable organizations that generate greater returns for all stakeholders (Boxall, 2013).

Fundamentally, an organization's orientation toward sustainability is driven by its leadership's understanding of value. Maximizing and prioritizing profit and shareholder wealth can become self-perpetuating in driving practice and behaviors in the organization and lead to less sustainable performance and a lack of investment in human capital (Kearns and Woollard, 2019). We argue for a more sustainable and purpose driven approach to talent management. Ensuring that decisions around, for example, selection to the talent pool, include an assessment of the extent to which potential leaders live sustainability values would ensure the sense of purpose becoming embedded. Having leaders consistently reinforce and reward such behaviors is likely to result in a trickle-down effect on employee experiences (Mayer, Kuenzi, Greenbaum, Bardes, & Salvador 2009). It is also likely to be reflected in an organizational culture where decisions are made in a

more sustainable way, which in turn is reflected in more sustainable business performance and less damage to other stakeholders. We point to Novo Nordisk's 'Values in Action' program as an exemplar of a very successful intervention in this regard.

### **The social domain (and beyond) of sustainable HRM: Exploring the role of HRM in fostering workers' rights in global supply chains**

Global production networks, or global value chains or, more generally termed, global supply chains, arguably have more impact on economies and employment than transnational corporations (Henderson, Dicken, Hess, Coe, & Yeung, 2002), with around 80% of world trade and 60% of global production taking place through supply chains (ITUC, 2016<sup>1</sup>/ UNCTAD, 2013). Yet most of our theories of management, organization and CS/ CSR are based around multinational corporations (MNCs). The service sector also uses such supply chains: As the widely reported growth of outsourced and off-shore services in banking and insurance reminds us (Beck, Demirguc-Kunt & Levine, 2010). These global supply chains create work, or at least opportunities for work, for millions of people in developing countries, so they are welcomed by their governments. At the same time, they have exacerbated exploitative conditions by applying downward pressure onto costs and particularly onto the major operating costs – the costs of the people (Donaghey & Reinecke, 2018). Supply chains are often seen as an example of 'footloose capitalism', as economic actors seek short term contracts which maximize economic efficiency, with negative consequences for practices such as training, prevention of discrimination and trade union representation (Webster & Bischoff, 2011). Concerns have also been raised about the use of immigrant labor and about gender relations at work (Barrientos, Kabeer, & Hossain, 2004; Gunawardana, 2018). Basically, global supply chains allow firms to put the production (or the service) at arms' length – and this has consequences for employment (the internal aspect of sustainable HRM) as well as economic consequences. Thus, the Rana Plaza collapse in April 2013 in Bangladesh resulted in the death of over a thousand

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<sup>1</sup> <https://www.ituc-csi.org/supply-chains-resources-hub?lang=en>

clothing workers and injury to another 2500 (Star Business Report, 2016), with on-going costs to families, and continuing physical and psychological suffering amongst survivors (Chowdhury, 2017). Supply chains allowed the MNCs who were sourcing their products from Rana Plaza (and the people who buy cheaper clothes at their stores) to claim that they had no responsibility for the people working there or the deaths.

If we are to take CS/ CSR seriously, we must extend it beyond the individual business or MNC and encompass the whole of the organization's value chain. Here we argue that discussions of global supply chains simply in terms of economic responses to the competitive market (Gereffi, Humphrey, & Sturgeon, 2005) are not only remiss in failing to identify a significant sector of the world economy but are also ignoring the fact that many of the worst excesses of capitalism occur in such systems. Supply chains are not just economic transactions but also need to be understood as multi-dimensional webs of social relations with a consequent need for analysis through the CS/ CSR lens (Wood, 2015). A web of social relations is susceptible to research and theorizing in terms of CS/ CSR.

### **The ecological domain (and beyond) of sustainable HRM: Supporting the role of Green HRM in enhancing positive environmental outcomes**

Growing public concern about the long-term consequences of environmental degradation and climate change and increasing awareness of the need to protect the natural world for the next generations, have put pressure on organizations to improve their environmental performance (Delmas, 2018; Kim, Kim, Han, Jackson, & Ployhart, 2017). To tackle this emerging ecological priority, companies have started to implement Green HRM practices, defined as "HRM activities which enhance positive environmental outcomes" (Kramar, 2014, p. 1075). The purpose of Green HRM practices (Renwick, 2018; Renwick, Redman, & Maguire, 2013) is to help organizations mitigate the effects of global climate change through reduced workplace-driven pollution and waste and better energy use (Saifulina & Carballo-Penela, 2016).

However, despite the moral imperative to be responsible towards the natural environment, environmental-related company scandals, such as the one surrounding Volkswagen's emissions cheating program or the Brazil mining tragedy, continue to emerge. The failure to protect the environment can be traced, in part, to an instrumental conception of environmentalism which, following the bottom line, reframes corporate sustainability as eco-efficiency (Banerjee, 2001). Firms that instrumentally appropriate the idea of sustainability are likely to commit to it, but not to modify their conduct (Carollo & Guerci, 2018). For example, they may be engaged through voluntary initiatives in the preservation of a common good (i.e. the environment), but at the same time continue to exercise political pressure for avoiding or mitigating regulatory protection of the environment (Child & Tsai 2005; den Hond, Rehbein, de Bakker, & Kooijmans-van Lankveld, 2014). Hence, by taking advantage of their voluntary (often symbolic) efforts in regard to environmental sustainability they try to reduce the pressure of environmental regulation (Carollo & Guerci, 2018).

There are three important ways HRM can integrate the principles of CSR into its programs and contribute to company's substantive (as opposed to symbolic) environmental efforts. One way is through knowledge-/ability-/skill-enhancing HRM practices (e.g., extensive training aimed at increasing employees' awareness of environmental concerns, and including such concerns in recruitment and selection). These practices increase employees' knowledge and ability to control their engagement in pro-environmental behaviors; create pro-environmental values and norms; and change the profile of the workforce to include more employees with pro-environmental values (Unsworth & Tian, 2018; Zibarras & Coan, 2015). In the long run such initiatives may result in 'cognitive reorientation' (Gioia & Chittipeddi, 1991) or a shift in an organization's priorities and goals (Bartunek 1984) to support appropriate action and promote a green organizational culture (Jackson, Renwick, Jabbour, & Müller-Camen, 2011).

A second key means is through motivation-enhancing practices that are based predominantly on goal setting and aim to motivate discretionary employee effort and behavior (Locke & Latham,

2002; Unsworth & Tian, 2018). Specific practices include individual and group incentives, promotion opportunities, benefits, job security and performance appraisal. For example, using longitudinal data from 469 US companies operating in high-polluting industries, Berrone and Gomez-Mejia (2009) found that firms' environmental performance was significantly better when it was related to the chief executive officer's total pay. Similarly, a recent survey of 214 UK organizations revealed that rewards were one of the top ten prevalent HRM practices encouraging employees to become more pro-environmental (Zibarras & Coan, 2015).

Finally here, keeping in mind that human activity within organizations is often a major cause of ecological degradation (Inoue & Alfaro-Barrantes, 2015) we argue that 'doing good' may not be enough. Organizations must also ensure that they have proper control mechanisms in place ('avoiding harm'). For example, firms should conduct practical, high-fidelity audits of alliance partners' HRM systems to determine their consistency with environmental objectives. When HRM audits yield negative results or indicate the need for change, effective techniques for promoting change across an entire network of alliance partners should be developed and implemented (Jackson & Seo, 2010).

These three examples serve to illustrate how the adoption of a multi-stakeholder approach in HRM research could lead to practically relevant insights that help organizations address the growing economic, social and environmental problems faced around the world in a globally responsible and sustainable way.

### **Discussion and Conclusions**

In reviewing the evolution of CS/ CSR over the past decades, Lenox and Chatterji (2018) observed that up until the early 1990s, to the extent that businesses thought about their responsibilities to society and environmental issues at all, it was usually as a legal or regulatory issue handled by compliance offices, typically referred to as Environment, Health, and Safety offices. In recent years, however, we have seen a proliferation of CS/ CSR initiatives, with companies looking at new and

innovative ways to contribute to society, tackle the growing economic, social and environmental problems facing the world, and drive positive social change. We argue that if we are to make HRM research and practice more relevant and impactful – ‘impactful’ also in terms of its wider impact on society and the environment – we must recognize these developments, widen the lens and change our approach to HRM. In terms of dealing with the grand societal challenges, we need a serious involvement of HRM scholars and practitioners in the CS/ CSR debate. We suggest that the multi-stakeholder perspective on HRM that we advocate provides a way into that debate.

We do not pretend that there have not already been significant contributions to the HRM-sustainability/ responsibility debate. As early as 1984, Beer and his associates proposed a multiple stakeholder model of HRM, advocating the adoption of a multidimensional performance outcome, including long-term organizational effectiveness, individual well-being, and societal welfare. Other early adopters of a multiple-constituency approach to HRM are Rogers and Wright (1998), who more than two decades ago called for a broadening of the organizational performance measures used in strategic HRM research, based on the conviction that “there really is no such thing as organizational performance without organizational purpose and [...] there is no meaningful purpose apart from some specific stakeholder” (p. 324). A multiple-stakeholder approach has also been advocated in other, more recent work on HRM (e.g., Beer, et al., 2015; Collings, 2014; Ehnert et al., 2016; Kramar, 2014; Paauwe, 2004). However, the approach to sustainable HRM proposed in this paper is more radical and challenges most of the extant work in the field concerning the interface with grand societal challenges, HRM’s contribution to serving the needs of a broad set of stakeholders (including those outside the organization), and its ambitions to go beyond ‘moral minimalism’ (Walzer, 1994) and contribute to positive societal and environmental outcomes.

We align ourselves with the ‘critical performativity’ debate and, with Edwards (2017), believe that studying the way organizations work and what makes them effective and efficient does not necessarily involve an unquestioning acceptance of a short-termist shareholder value perspective. We have sketched out the characteristics of an alternative approach to HRM that looks

beyond financial performance and shareholder value maximization and includes a much-expanded definition of organizational performance, focusing on HRM's role in contributing to doing good and avoiding harm in the social, environmental and economic domains. Our framework of sustainable HRM is consistent with existing notions in the literature that link CS/ CSR to HRM, such as 'sustainable HRM' (Kramar, 2014), 'sustainable management of HR' (Ehnert, 2009), 'ethics of care in HRM from the stakeholder perspective' (Mariappanadar, 2012), and 'socially conscious HRM' (Voegtlin & Greenwood, 2016), but extends these perspectives by looking beyond the boundaries of the firm and examining HRM's role in addressing grand challenges and driving positive societal change. We acknowledge that HRM practices can be a source of harm – and add to this perspective by examining how HRM can also be a force for good and contribute to economic, environmental and social well-being.

Our approach thus emphasizes HRM's potential to drive positive change by engaging in substantive rather than symbolic CS/ CSR. It is more purpose-driven and rooted in normative ethics (as opposed to instrumental and grounded in utilitarian ethics), and considers the firm's responsibilities to, and its impact on, a broad set of stakeholders, including society and the global community. Importantly, our multi-stakeholder framework of sustainable HRM is pluralist rather than unitarist in nature, based on the recognition that tensions and trade-offs exist between economic, environmental and social objectives (Bansal & Song, 2017; Hahn et al., 2014). Different stakeholders will inevitably have different interests, and these may not always be reconcilable (Beer et al., 2015), but managing these tensions for the maximum benefit of all could become a crucial role for HRM. Guest (2017), for example, examines high performance work systems and, in the face of some of the evidence, argues that they might "lead to both high performance and high well-being" (p. 33), if properly managed.

### **Implications for HRM practice, the organization and wider society**

While we believe that alignment between different stakeholder interests is possible and, when supported by HRM, can lead to 'win-win' situations, in practice creating such alignment is far from

trivial. Thus, we side with Greenwood and van Buren (2017: 675) who are doubtful about the unspoken assumptions of the unitarian logic that allow HRM specialists and scholars “to believe a happy story about how shareholder and employee interests go together, with nary a conflict between the two”. Critiques of the ‘triple bottom line’ (Bansal & Song, 2017) and ‘shared value’ (Crane, Palazzo, Spence, & Matten, 2014) concepts as well as proponents of the emerging integrative view on sustainability (Gao & Bansal, 2013; Hahn et al., 2014) have highlighted the inevitable tensions, dilemmas and trade-offs that exist between economic considerations and social or environmental concerns, as evidenced by numerous instances of human rights abuses in apparel industry supply chains, the role of “big business” in environmental degradation and depletion of natural resources, and other corporate misbehavior (Cohen et al., 2012b; Müller-Camen & Elsik, 2015; Pearce & Stahl, 2015). Simply put: Private-sector corporations are still seen by many as the primary source of problems, not the solution to these problems.

This is a reflection of a more general crisis of confidence in our current institutions and economic system. According to the Edelman Trust Barometer, an annual public trust and credibility survey, trust in business is at one of the lowest levels on record. This survey also found that this lack of trust is driven largely by the perception of business leaders making decisions based on a lack of caring about the welfare of employees and the broader community (Edelman Trust Barometer, 2017). For example, people surveyed around the world worried about losing their jobs due to lack of training or skills, jobs moving to cheaper markets, and automation. Importantly, Edelman observed that “there has been a dramatic change in how trust in companies is established as stakeholders are now placing greater importance on engagement and integrity-based attributes, such as treating employees well, listening to customers and exhibiting ethical and transparent practices”. While the Edelman survey 2017 found its largest-ever drop in trust across government, politics, business, and media, of the four institutions business was viewed as the only one that can drive positive societal change. Three out of four respondents agreed a company can take actions to both increase profits and improve economic and social conditions in the community where it operates.

The current crisis of confidence in our institutions and economic system – which is unlikely to abate any time soon, but rather is likely to continue to deepen – poses both a challenge and an opportunity for HRM. Clearly, these findings suggest that to restore faith in the system, companies and their leaders must step outside of their traditional roles and demonstrate responsibility toward a broader group of stakeholders beyond the shareholders (Waldman et al., forthcoming). HRM can play a critical role in this process by integrating CS/ CSR principles into existing organizational processes and cultures, building employee commitment for and engagement with CS/ CSR, and creating stakeholder alignment (both internal and external). However, the HRM profession will be able to meet those objectives only if it takes ownership of HRM issues associated with CS/ CSR and plays a more prominent role in the design and implementation of an organization's CS/ CSR strategy (Mellahi, 2014). This carries a risk for the HRM profession, as skepticism toward CS/ CSR communication has grown dramatically and stakeholders are likely to punish 'cheap talk' in the form of greenwashing (Schons & Steinmeier, 2016; Skarmeas & Leonidou, 2013).

We propose that reconciling these dilemmas requires an awareness on the part of senior HRM executives that these risks and tensions exist and have to be addressed through mechanisms such as partnering (e.g., helping managers charged with the design and implementation of CS/ CSR strategies to articulate the organization's social mission in a way that goes beyond 'window-dressing', by contributing stakeholder perspectives and employee interests), engaging (e.g., liaising with internal and external stakeholders to identify ways in which the firm can meet their needs and contribute to positive economic, social and environmental outcomes), and aligning (e.g., integrating CS/ CSR principles into core business processes and the organizational culture). This can be done through HRM activities such as induction training, employee development, talent management, and performance management and incentive systems aligned with the firm's CS/ CSR strategy (see Cohen et al., 2012b; Paauwe, 2004; Voegtlin & Greenwood, 2016, for a discussion of the many ways in which HRM can drive and support a firm's CS/ CSR strategy).

Finally here, a multi-stakeholder approach to HRM requires choosing appropriate firm-level governance frameworks and developing mechanisms for stakeholder identification, engagement, and integration. Since most companies today operate in a global environment and stakeholders are spread across the world, this poses challenges for HRM in the areas of ethics and human rights, e.g., with regard to workers' rights in global supply chains, issues pertaining to diversity and inclusion, varying standards for workplace health and well-being across the globe, and so on (i.e., the 'spatial dimension' of our framework of sustainable HRM; see Figure 2). Importantly, a multi-stakeholder approach requires that companies balance the need for global consistency in CS/ CSR policies with the need to be sensitive to the rights and demands of local stakeholders (Farndale, Paauwe, & Boselie, 2010; Wettstein et al., 2018). HRM can play a critical role in this process, e.g., by designing policies that ensure fair treatment of all employees and capitalize on the talents of a diverse workforce spread across the globe while being sensitive to local norms and circumstances; or by utilizing international service learning programs and *pro bono* assignments to prepare managers for the social, ecological, and ethical issues they are likely to encounter in foreign markets (Mirvis, forthcoming; Stahl, Pless, & Maak, 2013). Voegtlin and Greenwood (2016) pointed out the need for a 'political approach' to HRM and CS/ CSR that takes into account the power and concomitant responsibilities of large multinational corporations (vis-à-vis for example, workers and governments in the countries where they operate). From this perspective multinational corporations are considered as both economic and political actors, and thus expected to take over political responsibilities and engage in the provision of public goods (e.g., education), in particular in emerging markets where institutions are deficient and the state is unable or unwilling to do so (Doh, Littell, & Quigley, 2015). Again, HRM can play a key role in this process.

### **Implications for research and future directions**

The multi-stakeholder framework of sustainable HRM that we have outlined in this article has significant implications for HRM scholarship. It urges HRM researchers to pay more attention to how HRM activities impact a full range of stakeholders, including effects on public health (Guest,

2017), income (in)equality (Bidwell, Briscoe, Fernandez-Mateo, & Sterling, 2013), social cohesion (Sennett, 2012), and the well-being of communities (Mariappanadar, 2012). Scholars are beginning to address these issues, but we argue that their implications merit more attention. A multi-stakeholder approach to HRM maintains that HRM executives and professionals have to consider the demands of a broad set of stakeholders, with divergent and sometimes conflicting needs and expectations. Little is known about how HRM professionals balance the interests of different parties within and outside the organization, and the factors that determine their effectiveness in meeting the demands of different stakeholders and more research is needed. Further, our current understanding of the long-term implications and possible side-effects of HRM practices for stakeholders (i.e., the ‘temporal dimension’ of our framework of sustainable HRM; see Figure 2) is limited. For example, Mariappanadar (2012) provides evidence that sustainable HRM practices such as flexible work arrangements can have negative spill-over effects (e.g., longer working hours, stress, exhaustion). We know very little about the role of sustainable HRM in contributing to or minimizing the negative externality of these and other organizational practices.

Another potentially fruitful area for research pertains to the distinction between substantive and symbolic CS/ CSR (Donia et al., 2019; Perez-Batres & Doh, 2014; Schons & Steinmeier, 2016), which is central to our understanding of the role of HRM in CS/ CSR but has largely been ignored in research on the HRM - CS/ CSR link. Our analysis suggests that fundamentally, for most organizations, CS/ CSR remains predominantly symbolic, serving as a compliance and risk-management function largely decoupled from core business processes. This may be one of the reasons for the lack of involvement of the HRM function in the design and implementation of CS/ CSR strategies. There is some evidence to support this argument (Cohen et al., 2012b; Gond et al., 2011; Mirvis, 2012). For example, Mirvis (2012), in his analysis of CSR as ‘HRM tool’ (to recruit, retain, and engage employees), concludes that HRM tends to play a more strategic role as the complexity of the stakeholder-related challenges and the degree of sophistication of a company’s CS/ CSR engagement increases (also see Cohen et al., 2012b, who arrived at a similar conclusion).

How committed a firm is to CS/ CSR has consequences for all stakeholder groups and will not only determine the level of involvement of the HRM function in the firm's CS/ CSR activities but also HRM's role vis-à-vis these stakeholders. In particular, high-proximity stakeholders such as employees have an interest in a firm's substantive CS/ CSR actions and can identify CS/ CSR activities that have merely symbolic meaning (i.e., appear to be employee friendly), with resulting negative implications for their commitment and engagement. Schons and Steinmeier (2016) found that employees quickly discern when symbolic CS/CSR actions are not supported by substantive ones, leading them to withdraw their support and loyalty. Even companies that use substantive CSR engagement instrumentally to maximize shareholder value face the risk that employees and other stakeholders will detect their "moral fakery" (Quinn & Jones, 1995: 29) and sanction the company's moral deceit. By contrast, when stakeholders perceive the underlying motivation for CS/ CSR as genuine and the firm's engagement in CS/ CSR as substantive, this will likely lead to favorable outcomes such as increased employee commitment and engagement, higher customer loyalty, and so on (Donia et al., 2017; Perez-Batres & Doh, 2014). More research is needed to understand the implications of the depth of a firm's engagement in CS/ CSR (i.e., the extent to which it is substantive as opposed to symbolic) for HRM, how HRM activities can contribute to greater depth of engagement, and the subsequent consequences for both internal and external stakeholders.

Table 2 summarizes some of the gaps, open questions and directions for future research identified in this paper and organizes them in the form of exploratory research propositions to guide future research.

**<<Table 2: Role of HRM in CS/CSR: Exploratory research propositions >>**

Addressing questions about the role of HRM in a firm's CS/CSR efforts challenges HRM scholars to adopt a more reflexive stance on their own research and to question their own ideologies. The framework of sustainable HRM proposed in this paper – in fact, any framework of sustainable HRM – is to some extent normative or value-laden, prescribing what organizations should do. While the underlying moral message may deter some HRM scholars, our

conceptualization is in line with calls from prominent management scholars (e.g., Donaldson & Walsh, 2015; Ghoshal, 2005) as well as HRM scholars (e.g., Beer et al., 2015; Guest, 2017) to consider normative arguments and make explicit the ethical values underlying the adoption of HRM practices. Greenwood and Van Buren (2017: 675) argue that questions “related to the effects of [HRM] practices are deeply moral, and indeed cannot be value neutral”. We share this view and do not apologize for taking a moral stance. Instead, like others we have noted above, we call for a ‘new pluralism’, based on the recognition that employers, employees and other stakeholders do not share exactly the same interests and that their relationships are fundamentally asymmetrical with respect to power, inequality and sources of control.

Collectively, these arguments suggest that the multiple dimensions of HRM performance – business, the environment and society – are not perfectly correlated and might conflict. Pfeffer (2016) observed that only four companies made both *Fortune*’s ‘most admired companies’ (largely based on financial performance) and ‘best places to work’ lists in 2015. More research is needed examining the tensions that occur between economic, social or environmental considerations, and how HRM practitioners can balance these conflicts. This calls for research on the organization as a whole (Greenwood & Miller, 2010), and requires multiple theoretical lenses to more fully understand the nuances and complexities of any organization and its impact on its multiple stakeholders (Collings, 2014; Thunnissen, Boselie, & Fruytier, 2013). If we are to extend our HRM scholarship to CS/ CSR so that it relates to some of the big societal questions, rather than merely to the impact of HRM on short-term firm performance, then we need to, as Legge (1989) argued many years ago, place social values rather than firm performance at the heart of our research.

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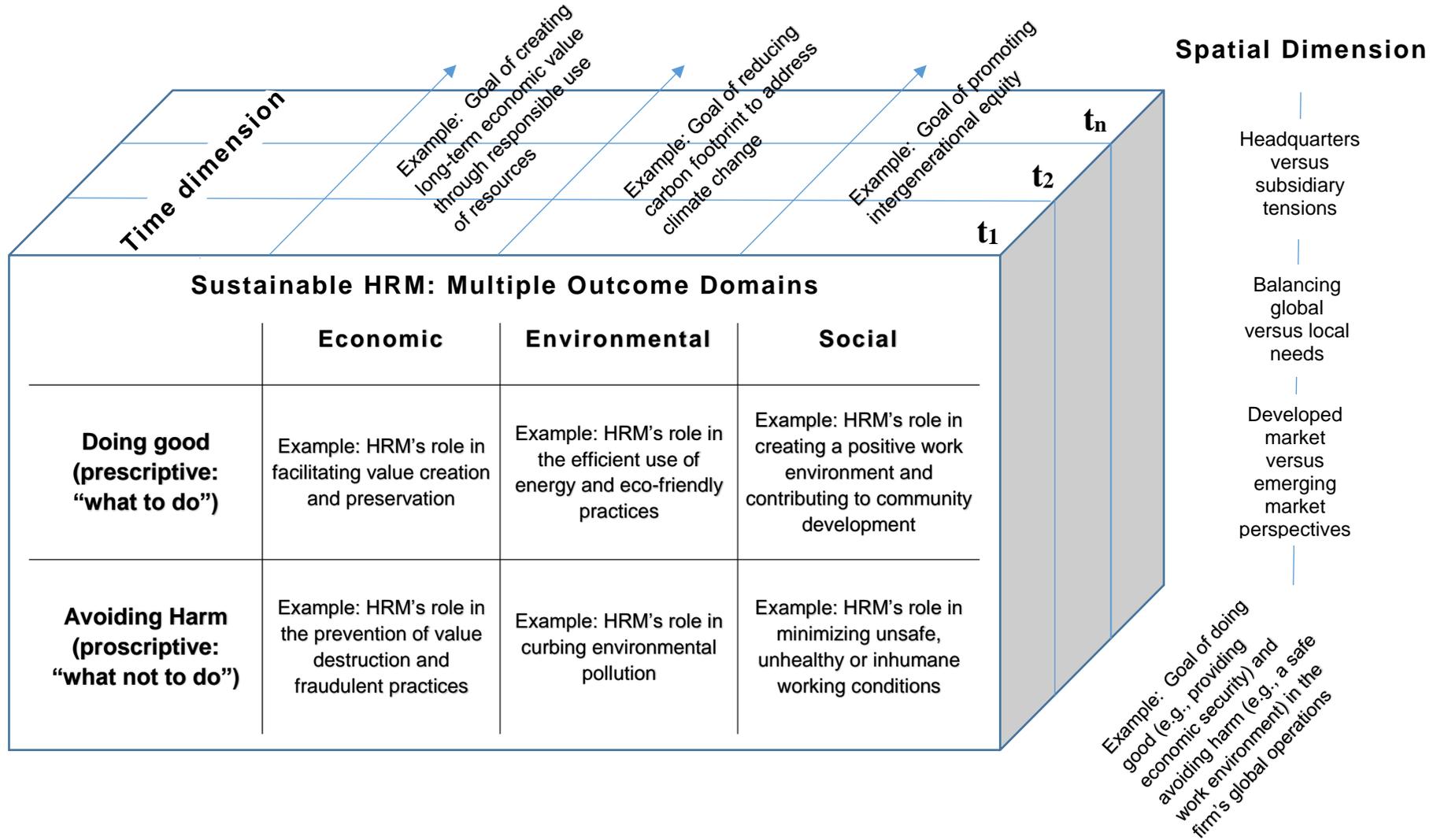
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**Figure 1: The United Nations *Sustainable Development Goals (SDGs)***



**Figure 2: Multi-Dimensional Framework of Sustainable HRM: HRM’s contribution to doing good and avoiding harm in the economic, environmental and social domains**





**Table 1: Putting Sustainable HRM into action: Examples of HRM activities designed to promote CS/ CSR**

	<b>Economic</b>	<b>Environmental</b>	<b>Social</b>
<b>'Doing good'</b>	<p>Design employee stock-ownership programs linked to long-term commitment to the firm and market value; invest in social capital as a source of innovation and sustainable advantage (Martin et al., 2016)</p> <p>Design talent management systems embodying the principles of CS/ CSR to avoid short-termism on the part of future leaders and encourage them to pursue longer term sustainable performance and investment in human capital (Collings, 2014)</p>	<p>Check potential employees for sensitivity towards environmental issues; hire those who embrace 'green' principles and the firm's sustainability goals; educate employees to engage in eco-friendly practices (Voegtlin &amp; Greenwood, 2016)</p> <p>Link employee green behavior to promotional opportunities, pay, and compensation; encourage and motivate employees to participate in green activities (e.g., more recycling and better waste management), and to contribute to green management objectives (Dumont <i>et al.</i>, 2016)</p>	<p>Invest in employees, provide engaging work, create a positive social and physical environment, provide opportunities for individual expression of voice, and offer organizational support to ensure employee well-being and a positive employment relationship (Guest, 2017)</p> <p>Design and offer company-sponsored volunteerism, community involvement and service learning programs aimed at promoting citizenship and social responsibility (Caligiuri et al., 2013)</p>
<b>'Avoiding harm'</b>	<p>Embed long-term, triple bottom line-based incentives in managerial compensation plans to avoid managerial opportunism and excessive risk-taking that may lead to value destruction (Filatotchev &amp; Stahl, 2015)</p> <p>Develop a shared sense of purpose in organizations which provides direction to leaders and other employees to guide decision making in a way which transcends short-termist or unsustainable behaviors (Collings, 2014)</p>	<p>Conduct audits of alliance partners' HRM systems to determine their consistency with sustainability goals and ensure compliance with environmental codes, and when HRM audits yield negative results take steps to bring about necessary changes across the network of alliance partners (Jackson &amp; Seo, 2010)</p> <p>Design workplace-based practices that help organizations reduce harmful emissions and increase recycling, so organizations can help mitigate the effects of global climate change through reduced workplace-driven pollution and waste and better energy use (Saifulina &amp; Carballo-Penela, 2016)</p>	<p>Eliminate child and forced labor and avoid unpaid or excessive overtime hours, physical abuse, and unsafe or precarious working conditions along the entire supply chain (Cohen et al., 2012b)</p> <p>Counterbalance the negative externality of efficiency-focused organizational practices (work intensification, retrenchment, etc.) by designing sustainable HRM practices (e.g., flexible work arrangements) and monitor the level of negative externality of such practices to detect harmful side effects (Mariappanadar, 2012)</p>

**Table 2: Propositions for future research**

<b>Exploratory research propositions</b>
<p><b>Proposition 1:</b> The CS/CSR-HRM link is a complex, mutually dependent and interactive relationship; and changes in CS/CSR strategies will affect HRM, and vice versa. In other words, HRM can be a driver of CS/CSR (e.g., by helping to create employee engagement with CSR) and CS/CSR, in turn, can contribute to HRM (e.g., by helping to create a strong employer brand).</p>
<p><b>Proposition 2:</b> The failure of HRM to play a key role in the design and implementation of CS/CSR strategies is partly due to the emphasis on organizational performance (defined narrowly, in terms of financial performance or shareholder value) as the main objective of HRM systems. This has limited the connection between HRM and CS/CSR.</p>
<p><b>Proposition 3:</b> The failure of HRM to play a key role in the design and implementation of CS/CSR strategies is partly due to the fact that CS/CSR in many companies is decoupled from core business processes and serves as a defensive or symbolic measure. In these cases, HRM is relegated to a merely operational role and its contribution to CS/CSR is limited.</p>
<p><b>Proposition 4:</b> The extent to which a firm's CS/CSR activities are substantive (cause-serving), as opposed to symbolic (self-serving), will determine the level of HRM involvement and the likelihood that the HRM function will play a strategic role in a firm's CS/CSR activities.</p>
<p><b>Proposition 5:</b> When stakeholders perceive the underlying motivation for CS/CSR as genuine (as opposed to inauthentic) and the firm's engagement in CS/CSR as substantive (as opposed to symbolic), this will lead to favorable attitudinal and behavioral outcomes on the part of stakeholders (e.g., increased employee engagement with CSR).</p>
<p><b>Proposition 6:</b> Activities aimed at preventing negative outcomes for stakeholders in the economic, environmental, and social domains (i.e., the 'avoiding harm' dimension of sustainable HRM) are partly mandated by laws and regulations, and the main motivation for involving HRM is compliance-related, i.e., to reduce legal and reputational risks.</p>
<p><b>Proposition 7:</b> Activities aimed at contributing to positive outcomes in the economic, environmental, and social domains (i.e., the 'doing good' dimension of sustainable HRM) are for the most part discretionary, and the main reasons for involving HRM are instrumental/ strategic or normative/ values-based.</p>
<p><b>Proposition 8:</b> The needs and interests of different stakeholders are not perfectly aligned; and inevitable tensions and trade-offs exist between economic, environmental and social considerations with various temporal horizons (e.g., long-term vs short-term) and spatial dimensions (e.g., local vs global). Part of the role of HRM professionals is to balance the interests of different parties within and outside the organization through stakeholder identification, engagement, and alignment/ integration.</p>
<p><b>Proposition 9:</b> Companies whose stakeholders are spread across the world must balance the need for global consistency in CS/CSR policies with the need to be sensitive to the rights and demands of local stakeholders. HRM plays a critical role in this process, e.g., by designing global policies that ensure fair treatment of all employees while being sensitive to local norms and circumstances.</p>
<p><b>Proposition 10:</b> Companies that operate in a global environment and whose stakeholders are spread across the world may take over political responsibilities to fill institutional voids (in areas such as education, decent work, and human rights) and engage in the provision of public goods, especially in emerging markets. HRM plays a critical role in this process, e.g., by supporting vocational training and providing career opportunities for minorities.</p>