Policies and Practices of Green Human Resource Management

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Abstract

Social responsibility and environmental management have been for some years at the focus for a lot of companies, which do consider them as important part of their strategy. Human resource management is one of the functional strategies and part of top management in the organizations capable of playing a particular role in crafting and implementing policies that contribute to the environmental management and responsibility. This orientation, recently recognized as "Green HRM", is broadly elaborated in the worldwide HRM literature and closely related to the environmental management system. The companies do implement practices of HRM by orienting them towards the engagement of employees in green management. Processes like recruitment, selection, training and performance compensation are perceived and "modeled" in the light of green management practices. This paper intends to present the green approach of HRM in the theoretical framework, based on the existing literature, and also to evidence how Albanian organizations are grasping it. The objective is to bring out the good practices of leader companies in green HRM as a mean to draw the attention of as many other organizations as possible to highlight the importance of this approach in activities that are both profitable and socially responsible.

Keywords: green HRM, competitive strategy, environmental management, recruitment, selection, social responsibility

1. Introduction

A quick look at the official websites of many Albanian companies made us realize that corporate social responsibility, especially sustainability and environmental management, are becoming an important part of business concept and strategic management for them. These terms and concepts have been unfamiliar to the Albanian business environment, which has its beginnings after the 1990-s. Meanwhile, the rapidity with which Albanian businesses and organizations embrace the latest approaches and put in place contemporary methods, instruments and actions to fulfill their strategic objectives, has prompted us to undertake this study.

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The outcomes that companies get from selecting and implementing strategic alternatives are increasingly influenced by several other factors that relate to the competitive environment, stakeholders, but also to the natural environment and the changes that occur in it. The study of influencing factors and interaction between them has led to the definition and/or further elaboration of new concepts in the economic literature. Green HRM is amongst the recent ones. At the same time, the use of these concepts in the academic environment has been considerably increased, intending to educate professionals engaged in business and in other activities as well.

1.1 Research objectives

According to Porter and Kramer (2006) "While Corporate Social Responsibility and environmental sustainability strategies take many forms, those that both provide valuable social benefits *and* fulfill customer needs in a superior fashion may also contribute to a company's competitive advantage". Dealing with these concepts from the perspective of strategic management and the need for better recognition of their use in the framework of Albanian organizations constitutes the first footstep of this work. The main purpose of our study is to highlight the HRM practices that Albanian companies pursue for creating a green working environment.

The realization of this purpose and the presentation in this paper requires the fulfillment of following objectives:
- to emphasize the role of environmental management (EM) as part of Corporate Social Responsibility (CSR);
- to theoretically present the green HRM approach by pointing out its role in achieving the objectives of EM and those of the organization as a whole;
- to identify the green aspects of HRM practices that would assist the organization in achieving its environmental objectives;
- through a survey of the Albanian environment, to identify green practices that are embraced by organizations, which can serve as a model for implementing EM policies and the principles of green HRM in other companies, despite of their field of activity.

1.2 Methodology

The study of green HRM issues from the theoretical point of view and the identification of good practices in the business environment have imposed a combination of desk-study with the site-survey in some Albanian companies.

Literature review. In order to provide a theoretical approach of Green HRM we are primarily based on research papers, which have carried out a review of GHRM literature in the period 1988-2016. They have been generally complementary to each other, by

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covering emerging issues in the HRM, Environmental Management / Sustainability (EM / ES) literature.

Given the fact that recruitment, performance management, training and development, and compensation are the most widely investigated HRM functions in the GHRM literature (Renwick, Redman & Maguire, 2013), we focused on getting information about these policies and practices.

Data collection and sample. Company observation is carried out in two forms. Out of the list of 100 largest companies in the country, official websites of 60 companies have been surveyed to identify those that pay special attention to EM and address environmental policies. This latest group of companies has been the sample of a deeper observation. Interviews with representatives of HRM or CEOs were done, and specially designed questionnaires were filled out for detecting GHRM practices and environmentally friendly behaviors.

The findings from questionnaire processing and interviews were analyzed in order to accomplish the objectives of this study, mentioned above.

2. Theoretical Approach to Green Human Resource Management

2.1 From competition to social responsibility / CSR

The idea that businesses have an obligation to care for the social welfare and progress was introduced in the 19th century, when progressive companies started to provide workers with housing and other fittings for alleviating the consequences of the industrial revolution. "By the mid of 20th century the perception of the corporate executives' role in balancing the interests of all stakeholders - shareholders, employees, customers, suppliers, the communities in which they operate, and society as a whole became more evident" (Thompson, Peteraf, Gamble, Strickland, 2015). This perception was followed some years later by the "Business Roundtable", an initiative of a group of America's largest corporations coming out in strong support of the concept of corporate social responsibility (Business Roundtable, 1978).

Amongst the vast literature dealing with and defining the corporate social responsibility (CSR), since the late 1960s, we adopt the one from *Business Dictionary* which defines CSR as "*a company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies express this citizenship (a) through their waste and pollution reduction processes, (b) by contributing educational and social programs and (c) by earning adequate returns on the employed resources*." (*Business Dictionary*).

Talking about a socially responsible corporate behavior intends that a company should take in consideration both the strategic actions to benefit shareholders and the commitment to be a good "corporate citizen". Organizations face a real short and long-

term challenge to find the balance between these subjects. A clear understanding and engagement of the company managers is required to operate the business by decision making that contributes to the well-being of employees, local communities, the environment, and society at large (Thompson et al.). This social behavior of the companies has moved from voluntary decisions at the level of individual organizations, to mandatory schemes at regional, national and even global levels. As Richard T. de George phrased it in "A history of business ethics" (2011) "CSR has become something that corporations can no longer ignore and still maintain a positive public image".

A company's CSR strategy is defined by the specific combination of socially beneficial activities the company chooses to support with its contributions of time, money, and other resources (Porter & Kramer, 2006). From the strategic point of view, CSR strategies encourage the company to make a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others. They contribute to value creation, have considerable impact to the risk management and establish the corporate philanthropy' image.

Although there is wide variation in how companies devise and implement a CSR strategy, communities of companies concerned with corporate social responsibility have emerged to help companies share best CSR practices (CSR Europe). Companies that exhibit a strong commitment to corporate social responsibility are often recognized by being included on lists such as *Corporate Responsibility* magazine's "100 Best Corporate Citizens" or *Corporate Knights* magazine's "Global 100 Most Sustainable Corporations".

Furthermore, the academic literature is increasingly illustrating these concepts with examples of remarkable/ benchmarking companies, consequently disseminating them to the university graduated' students, especially in the business schools. We do share this experience in our higher education system as well, although in a moderate way.

Last but not least, a number of reporting standards have been developed, including ISO 26000 - a new internationally recognized standard for social responsibility set by the International Standards Organization (ISO). This standard is intended to assist organizations in contributing to sustainable development. It is aimed to encourage them to go beyond legal compliance, recognizing it as an essential part of their social responsibility (ISO).

2.2 Environmental management and sustainability

The term sustainability is used in a variety of ways. We do adopt here the definition most commonly used, consistent with the World Commission on Environment and Development - WCED (Brundtland Commission, 1987), that describes sustainability as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (European Commission, 2002). In many firms, it is used as a synonym for corporate social responsibility; it is seen by some as a

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term that is gradually replacing CSR in the business lexicon (Porter, 2006). However, from our academic experience and for the purposes of this study, we focus on the environmental sustainability (ES) of the organizations, concerning the relationship of a company to its environment and its use of natural resources.

The world's natural resources constitute the capital out of which other forms of capital are made. It is widely recognized that these finite resources are being consumed and degraded at rates that threaten their capacity for renewal, which is a global concern (EC, 2002). Since corporations are the biggest users of natural resources, managing and maintaining these resources is critical for the long-term economic interests of corporations.

Ambec et al refer to Porter's innovative view on competition and environmental management relation (Ambec, Cohen, Elgie, Lanoie, 2013). Almost three decades ago, Harvard Business School economist and strategy professor Michael Porter pointed out: "Strict environmental regulations do not inevitably hinder competitive advantage against rivals; indeed, they often enhance it" (Porter 1991). Until that time, the environmental regulation was traditionally seen as a factor of cost increase, consequently reducing company' profit. Since then, Porter's suggestion that more stringent environmental protection may lead to "win–win" outcomes for society overall has contributed to significant environmental and economic improvements through better designed regulation, became an argument that well-designed regulation could really increase competitiveness (Ambec et al., 2013).

2.3 Human Resource Management – how to become green

Human Resource Management (HRM) is an important function of management that deals with the most valuable asset of an organization, which is human resources. The whole context of HRM is currently being considered in the light of sustainability all over. According to Dubois & Dubois' study "Success in embedding ES within an organization requires the presence of HRM in the organization's executive leadership team" (Dubois & Dubois, 2012). The leadership team might play a crucial role in developing a culture in the workplace which supports EM improvement efforts. The role of HRM professionals in designing HRM systems, policies, and practices that contribute to employees' engagement and accomplishment of ES goals, is broadly accepted as a success factor, as well.

The origin of Green HRM concept is traced back to the efforts of organizations to integrate sustainability into their internal activities and decision-making (Ren, Tang & Jackson, 2017). Most of researchers refer the emergence and development of GHRM to the Wehrmeyer statement in 1996: "if a company is to adopt an environmentally-aware approach to its activities, the employees are the key to its success or failure" (Renwick et al., 2013).

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The following definition of Green HRM by the Human Resource Management Institute (HRMI) permits a broader analysis of it in the context of organizations: "Green HRM is the use of HRM policies to promote the sustainable use of resources within organizations and, more generally promotes the causes of environment sustainability" (HRMI). This approach can settle green objectives and lead them throughout the HRM process of recruiting, hiring, training, compensating, developing, and advancing the firms human capital. Renwick et al., have stated in their former study that "it refers to the policies, practices, and systems that make employees of the organization green for the benefit of the individual, society, natural environment, and the business." (Renwick, 2008).

Green HRM is considered in a strategic level of human resource management, consequently it should employ a set of HRM practices well harmonized and intended to support green initiatives of the organization.

There are different studies that have identified HRM practices which would assist the organization in achieving its environmental objectives, resulting in greater efficiencies, lower costs and better employee engagement and retention (Renwick, 2008, 2013, 2016), (Jackson, 2011, 2012, 2017). Using them as an underpinning for our study, we do present shortly how HRM policies and practices can become green and how deep they can go into organizations.

To begin with recruitment and selection, a *green recruitment* practice is distinguished by use of technology for pre-screening, interviews, joining formalities, etc. It might start from the publication on the Company's web site of information related to the activities and EM initiatives undertaken by it, and bring as results savings of paperwork, minimizing travelling and time, consequently reducing the carbon footprints for both the employer and the job seekers. It is also evidenced by several studies that companies are affected by their "green candidates" in turn making improvements to their environmental practices (Jackson, 2011).

A *green oriented selection* process applies job descriptions and personnel specifications that emphasize environmental aspects of the job and interview protocols that check applicant environmental knowledge, values and beliefs.

Companies consider *training* as an important element of HRM policy that helps to increase the competencies of employees, contributing to competitive advantage. Combining professional training of newly hired employees with elements that raise to a higher degree their "green" knowledge, skills, attitudes and behaviors, is becoming an HRM practice considerably contributing to the achievement of ES objectives for the companies (Jackson, 2011, 2012), (Renwick, 2016).

Although recognized challenges of *performance and appraisal systems* in organizations, a 'green' orientation of them is reported in different countries (Jackson, 2011), (Ren, 2017). Such green adaptation of performance management and evaluation system intends fixing criteria related to workforce contribution to the 'green' objectives

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of the organization and use of them during the employee' performance appraisal process. Environmentally friendly behaviors or specific "green" objectives to be achieved by each employee or group of employees might be integrated into the process of staff appraisal. Moreover, they can encourage a learning culture in environmental management inside the organization. However, these green practices seem to be mostly applied in the high management levels, rather than broadly for other employees (Jackson, 2011).

Reward system and compensation schemes based on "green" competencies and achievements are rarely mentioned in the reviewed literature, although few examples exist (Ren, 2017). In most cases, companies provide non-monetary rewards for their employees highly involved in environmental supportive activities within organization.

3. Green Orientation in Albanian Organizations

CSR strategies and environmental sustainability strategies are more likely to contribute to a company's competitive advantage if they are linked to a company's competitively important resources and capabilities or value chain activities. Thus, it is common for companies engaged in natural resource extraction, electric power production, forestry and paper products manufacture, construction, and chemical production to place more emphasis on addressing environmental concerns than, say, software and electronics firms or other service providers.

However, this is not evidenced in all cases and places. The awareness and engagement of a number of companies in areas not related to the massive use of natural resources is observed in the Albanian business milieu.

3.1 Tracing the green footprints

Our efforts to evidence the awareness about and the engagement of Albanian businesses into environmentally responsible activities have started with a desk-study of 100 largest companies in the country (Data by General Tax Directorate, processed and announced by Monitor.al, 2018). Out of that list, we dug deeper into the websites of those companies that have a website. The official websites of 60 companies have been surveyed to identify those that pay special attention to EM and address environmental policies. The initial results were complemented by a field study, with interviews and questionnaires filled in by HRM representatives or CEO-s of the sample companies.

The questionnaire was specially designed for detecting GHRM practices and environmentally friendly behaviors in the companies.

It was intended to assist answering our research question: how much green policies and practices are embraced by Albanian companies.

The most widely investigated HRM functions in the GHRM literature, as above

mentioned, constitute six blocks of questions in the first part of questionnaire. The first four questions relate to the role of top management in establishing a "green" work milieu, through their engagement and inclusion of green objectives in their strategic planning. Recruitment and selection process is checked by the next five questions, trying to appoint the visibility of environmental concern in job descriptions, as well as reckon on green competencies during selection of candidates.

They are followed by the block of four questions that try to evidence "green" performance and appraisal features, despite known difficulties of such process in general. Questions about "green" training practices are included, although there is low expectancy for dedicated programs to it. Compensations policies related to green skills, competencies and/or achievements are checked making three questions in the fifth block. The last block of questions is dedicated to the employee "green" engagement and involvement.

As a first study in a relatively recent field, it couldn't be too ambitious as to provide a detailed analysis and assessment of "green" situation of HRM functions in Albanian organizations. Consequently, the respondents were asked to confirm if they apply or not the policies and practices described from the questions, so limiting the answers in a binary system (0-1). However, the survey results are appropriate for the qualitative study; they are not aiming to establish statistical associations between variables in this stage of our work.

The second part of the questionnaire has been drafted based on the observation that since their implementation, EM practices have seen technological innovation in waste reduction, energy conservation, and environmental preservation. The implementation of these "eco-friendly" practices and behaviors are more widespread in companies and much more recognized than those typically belonging to HRM functions, as the findings of this study reinforce. Their visibility and sometimes the financial effects make them more evident in the companies. This precisely was intended from the second part of the questionnaire, comprised of ten statements to be confirmed (or negated) in case the organization does that "green" activity, or encourages the behavior. They generally belong to that group of actions companies can take to go green, some of which don't cost money at all to implement. In few words, such actions can be described as: go paperless, recycle, reduce commuting, conduct energy audit, save limited natural resources, clean surroundings, etc.

The interviews and the results from the questionnaire have brought to the findings presented below.

3.2 Findings and discussion

The surveyed Albanian companies carry out different economic activities, from construction and food processing to banking and ICT services, as demonstrated by figure

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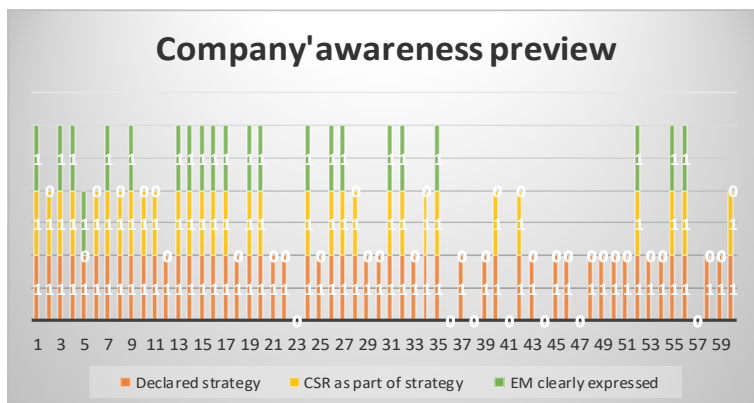**Vol 2, No 2, November 2019**

1. The sample structure is not a choice; it derives from the structure of the initial list of 100 largest companies considered in the study. Nevertheless, this random choice enables a non-discriminant survey and provides realistic evidences from various industries.
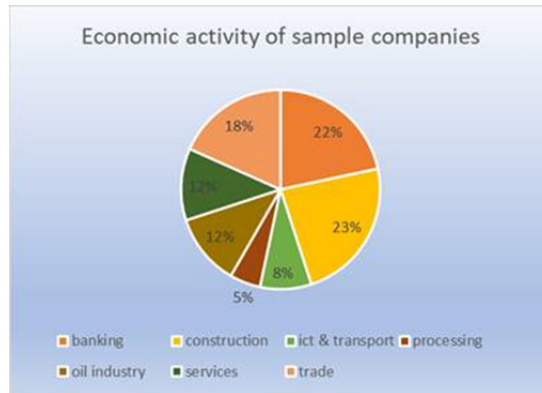
Fig.1: Sample structure according the field of industry / economic activity.

The strategic management of Albanian companies is becoming obvious for the stakeholders through various ways. The advantages of displaying their overall strategy and Corporate Social Responsibility as part of it seems to have encouraged the companies for announcing those in their official websites. From the surveyed companies 88% of them have an articulated strategy. More than half of the companies do consider the Corporate Social Responsibility as an important part of their strategy, undertaking serious engagements toward it (Figure 2). Further on, 71 % of the last part of the sample emphasize the role of environmental management (EM) as part of CSR and declare specific objectives and clear-cut commitment for a green business.

Fig. 2: Emphasis on Environmental Management as part of company' strategy

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Amongst the surveyed industries, most of oil, ICT and construction companies display serious engagement in environmental management practices. The outcomes from the questionnaire, first block of questions, converge with those of the abovementioned empirical survey: about ¾ of the companies testify the awareness and commitment of top management to EM.

However, management commitment to environmental performance is rarely followed by significant green HRM practices. Concerning recruitment, only one third of companies confirm the awareness of their HRM function/ office regarding the role and benefit of "green" orientation in this process. Such awareness and inclusion of environmental elements is even lower in the selection process, with around 17% of the respondents. One company only reports for green selection practices, which is both related to green awareness and to their specific field of activity (services for environmental monitoring), as revealed during the interview.

The part of survey dedicated to performance management and appraisal provides one of the most accepted and embraced green aspect: all companies confirm the acknowledgment of green objectives and responsibilities from the employees. As to the feedback regarding the achievement of these objectives, it is reported by around 40% of them, which means also limited opportunities to relate the results with the compensation policies.

Processing of data for the training part of the questionnaire brings to similar figures with the previous paragraph. One third of companies report they provide training to raise the awareness level of employees regarding environmental issues. Only 15% of the companies consider environmental issues when they design the trainings for their newly hired employees and one of them provides the training on-line.

These findings allow further analysis and discussion about the green HRM practices in Albanian companies.

The presence of management teams in some companies that consider the environmental performance as an attractive factor for qualified employees is an estimable feature. It should be seen as a signal of top management recognition on the importance of environmental management for building competitive advantage based on workforce quality, despite of limited green recruitment and selection practices, in general.

The lack of other green recruitment and selection aspects, such as care for environment in the job descriptions, or their disuse as criteria during above processes signifies the need for HRM specialists to be much more aware of the HRM active role in realization of green objectives of the company. Such better preparedness would bring to a reflection from their side about green behaviors, attitudes, values and responsibilities in the workplace and use of them during the hiring process.

Training practice, according to the trends evidenced by the literature review, should be highly evaluated and utilized by the companies that are environmentally oriented or

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have fixed green objectives, which is not the case for Albanian companies. Some of them report trainings related to environmental protection and sustainability, but there is almost no evidence for acquaintance with environmental programs during the reception/ orientation period for newly hired employees. Neither is any serious consideration of needs on environmental issues when analyzing the needs for training. It remains one of HRM functions that bears plenty of potential for inciting the environmental sustainability in company level.

The green objectives and behaviors are still missing in the system of performance management and evaluation of Albanian companies, although most of them report the acknowledgement of environmental responsibility from their employees, as well as some feedback about fulfilling it. This situation leads to the judgement that Albanian companies are in the stage of including green objectives in the organization level, but not yet breaking them down to the workplace level for every employee, so that enable use of these objectives in the performance evaluation. This shortcoming affects afterwards the other HRM practice, that of compensation. There are reported few rewarding schemes related to environmental initiatives/ performance, mostly from manufacturing companies. They use schemes that associate the reward of employees with their careful consumption of inputs, resulting in environmental care through reduced waste, which in turn helps to the realization of other cost -oriented objectives.

The study shows that Albanian companies are still far from using employee involvement practices, which would provide opportunities for employees to assist in realizing the company's green objectives. None of the respondents reported practices such as: providing workforce with opportunities to be involved and participating in suggestion and consultation schemes to solve company problems, organizing workshops for staff to improve behaviors or exchange individual knowledge about the environment, the use of working groups for the recognition and management of environmental problems of the company.

As to eco-friendly practices and behaviors, they are present in most of companies and well supported both by top management and workforce. Some of manufacturing companies do report for specific initiatives of recycling and reuse of paper-based products, which might be promoted in the industry level.

4. Conclusions

CSR strategies and environmental sustainability strategies that both provide valuable social benefits *and* fulfill customer needs in a superior fashion can lead to competitive advantage. Green HRM, defined as the HRM aspects of environmental management (EM), is less recognized and elaborated compared to other management functions, both in academic literature and practical realization in Albanian organization.

Green HRM seems to be a challenge for executives and employees in Albanian

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companies. There are elements of recruitment, training and compensation that reflect 'green' concern, but they seem mostly related to the economic objectives of energy save and waste reduction. The organizations should explore and use the full range of green HRM practices for realizing the environmental objectives incorporated in their strategies.

The shortcoming of green aspects in HRM practices implicates the need for a stronger comprehension from the HRM professionals towards this recent trend of global importance.

Although its limitations, this study represents a first effort to highlight the mentioned findings and intends to push for broader and more detailed research in the field.

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