

Strategic Green HRM: A proposed model that supports Corporate Environmental Citizenship

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Abstract. Green management initiatives become an important factor in forward-thinking businesses around the world. Researchers argued that employees must be inspired, empowered and environmentally aware of greening in order to carry out green management initiatives. Corporate green management requires a high level of technical and management skills in employees, since the company will develop innovation-focused environmental initiatives and programmes that have significant managerial implications. However, gaps still exist in the human resource management (HRM) literature on human resource (HR) aspects of environmental management - Green HRM. This includes an informative guide on the emergent literature, its scope and coverage, a process model and research agenda. There is a growing need for strategic green HRM - the integration of environmental management into HRM. The main purpose of this study is to explore constructs of green HRM. This paper proposes a development of a new model of strategic green HRM by reviewing the literature on HR aspects of environmental management, synthesizing the thinking arising from the review of these literatures, and proposes research model. From the perspectives of strategic HRM and green management, this study argues that the new model should include among others the relationship of assessment-based HR Interventions, environmental management system (EMS), green intellectual capital (GIC) and corporate environmental citizenship (CEC).

Keywords: green HRM, green management, intellectual capital, corporate environmental citizenship

1. Introduction

Growing global environmental concerns and the development of international environmental standard are creating the need for businesses to adopt formal environmental strategies and programmes (Daily and Huang, 2001). Traditionally, a majority of companies around the world has used the compliance approach in their environmental or green management initiatives driven by laws and regulations. However, in the past several years, environmental forces such as customer boycotts, dynamic preferences, and new customer requirements have affected basic business strategies – from pollution control to pollution prevention (Brockhoff et al., 1999). In the environmental literature, the concept of green management for sustainable development has various definitions; all of which generally, seek to explain the need for balance between industrial growth for wealth creation and safeguarding the natural environment so that the future generations may thrive (Daily and Huang, 2001). Nevertheless, the issue of how an individual organization or entire society achieves sustainability from the green management movement is still debatable and unclear. Thus, research on how business may structure their facilities to enhance for sustainability through green management initiatives seems paramount.

Implementation of corporate green management initiatives requires a high level of technical and management skills among employees due to the facts that the company will develop innovation-focused environmental initiatives and programmes that have a significant impact on the sustainable competitive of the firms (Callenbach et. al., 1993). In this respect, the implementation of rigorous recruitment and selection

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of employees, performance-based appraisal system, the introduction of training programmes aimed at increasing the employees' environmental awareness and courses addressed to the development of new technical and management competencies have a basic importance for fostering environmental innovations (Renwick et al., 2008).

Researchers in this area argued that environmental management system (EMS) can only be effectively implemented if the companies have the right people with the right skills and competencies (Daily and Huang, 2001). Strategic HRM researchers argued that to achieve HR effectiveness, HR should be practiced as a whole and must be aligned with the business strategic goals, the primary means by which firms can influence and shape the skills, attitudes, and behaviour of individuals to do their work and thus achieve organizational goals (Collins and Clark, 2003). Previous literatures have paid attentions to the link of HR practices and organizational outcomes such as productivity, flexibility, and financial performance (e.g. Ichniowski et al., 1997; Mendelson and Pillai, 1999; Collins and Clark, 2003), but the understanding needs to be extended to encompass innovation performance (Laursen and Foss, 2003) and environmental management initiatives (Renwick et al., 2008). Accordingly, strategic HR practices can be conducive to environmental management initiatives because the practices may allow firms to discover and utilize knowledge and expertise in the organization (Scarbrough, 2003). However, knowledge within the human capital and firms cannot easily be transferred among individuals inside the firm. Although a firm has access to the knowledge, skills and expertise of employees, it may need to possess good capacities in managing knowledge and human capital tools must be in place to ensure effective utilization of the human capital in the development of organizational expertise for environmental management. Knowledge management and intellectual capital development are suitable approaches to adding or creating value by more actively leveraging the knowhow and expertise resided in individual minds (Scarbrough, 2003).

Thus this study argues that assessment based HR interventions will contribute to the effective implementation of EMS and the development of green Intellectual capital (GIC) and in-turn contributes to the achievement of corporate environmental citizenship (CEC). The general objective of the paper is to propose, based on literature reviews, a strategic model of green human resource management that contributes to the implementation of EMS, green IC and corporate environmental citizenship (CEC).

2. Literature Review

2.1. Strategic HRM (SHRM)

Strategic human resource management (SHRM) is an important topic for research (Paawe and Boselie, 2003, 2005) and some basic theoretical issues have been well accepted (Paawe and Boselie, 2005). SHRM has contributed to our understanding of the relationship among strategy, human capital, HRM and organizational performance (Paawe and Boselie, 2005). The emergence of SHRM is influenced by the global competition, and the corresponding search for sources of sustainable competitive advantage (Dyer & Reeves, 1995). SHRM has achieved its prominence because it provides a means by which business firms can enhance the competitiveness and promote managerial efficiency (Paawe and Boselie, 2005). SHRM facilitates the development of a human capital that meets the requirements of business competitive strategy, so that organizational goals and mission will be achieved (Guest, 1987). SHRM researchers have established a broader perspective that is oriented toward managing the HR as a whole. Instead of focusing on individual HR practices that are used independently or in isolation, SHRM researchers look more broadly at bundles of HR practices or HR systems that are implemented in combination (Paawe and Boselie, 2003; 2005). Delery and Shaw (2001) argued there is a general agreement that "(1) human capital can be a source of competitive advantage, (2) that HRM practices are the most direct influence on the human capital of a firm, and (3) that the complex nature of a coherent HRM system of practices can enhance the inimitability of the system" (p 166).

2.2. Green Management Initiatives

In the past, sound economic performance of the firm was expected to guarantee corporate success by companies and its shareholders, but now it is no longer valid; economic and financial outcomes need to be accompanied by minimization of ecological footprints and increased attention to social and environmental

aspects. Therefore, the new strategic issue, corporate environmentalism or green management emerged in 1990s and became a popular slogan internationally in 2000s (Lee, 2009). Green management is defined as the process whereby companies manage the environment by developing environmental management strategies (Lee, 2009) in which companies need to balance between industrial growth and safeguarding the natural environment so that future generation may thrive (Daily and Huang, 2001). This concept becomes a strategic dominant issue for businesses, especially multinational enterprises operating their business globally (Banerjee, 2001). In summary, green management refers to the management of corporate interaction with, and impact upon, the environment (Lee and Ball, 2003), and it has gone beyond regulatory compliance and needs to include conceptual tools such as pollution prevention, product stewardship and corporate social responsibility (Hart, 2005; Pullman et al., 2009; Siegel, 2009). Business firms play a key role in the issues of environmental management since they are part of our society and cannot be isolated from the environment, and in fact, they contribute most of the carbon footprints in the past (Liu, 2010). Application of innovative technology could alleviate the environmental deterioration by developing, for example, the biotech products and by searching for alternative energy to reduce the use of finite natural resources. Thus, business should put more effort into the research on innovative technology to minimize the impacts of environmental destruction by creating products that are nontoxic and less pollution to environment (Liu, 2010; Ozen and Kusku, 2008).

2.3. Green HRM - HR Factors affecting Green Management Initiatives

Many researchers, especially in the area of HRM, argued that the effectiveness and successful in any management innovation and strategic tools are depending on the availability and ability of their human resources employed in the strategic manners (Boselie et al., 2001; Paauwe and Boselie, 2003). HRM system is defined as “a set of distinct but interrelated activities, functions, and process that are directed at attracting, developing, and maintaining (or disposing of) a firm’s human resources” (Lado and Wilson, 1994). Organization generally organizes HR practices into systems that are consistent with their culture and business strategy (Boselie et al., 2001). Many researchers agreed that HRM is the most effective tools which contribute to the creation of human capital, and in turn, contributes to organizational performance and competitive advantage (Boselie et al., 2001; Paauwe and Boselie, 2003). Currently, many corporations are implementing a proactive, strategic tool known as an EMS to gain competitive advantage (Daily and Huang, 2001). This system provides a structure that allows management of the firms the ability to better control the firm’s environmental impacts (Barnes, 1996; Florida and Davison, 2001). An EMS includes commitment and policy, planning, implementation, measurement and evaluation, review and improvement (Hersey, 1998). Callenbach et al. (1993) argued that in order to carry out green management, employee must be inspired, empowered and environmentally aware of greening to be successful. On the other hand, to effectively implement green management initiatives and fostering environmental innovations, corporations require a high level of technical and management skills (Callenbach et. al., 1993; Renwick et al., 2008). Hence, this paper argues that to effectively implement green management initiatives through the implementation of EMS requires strategic implementation of HR systems that fit with organization’s culture and long-term goals.

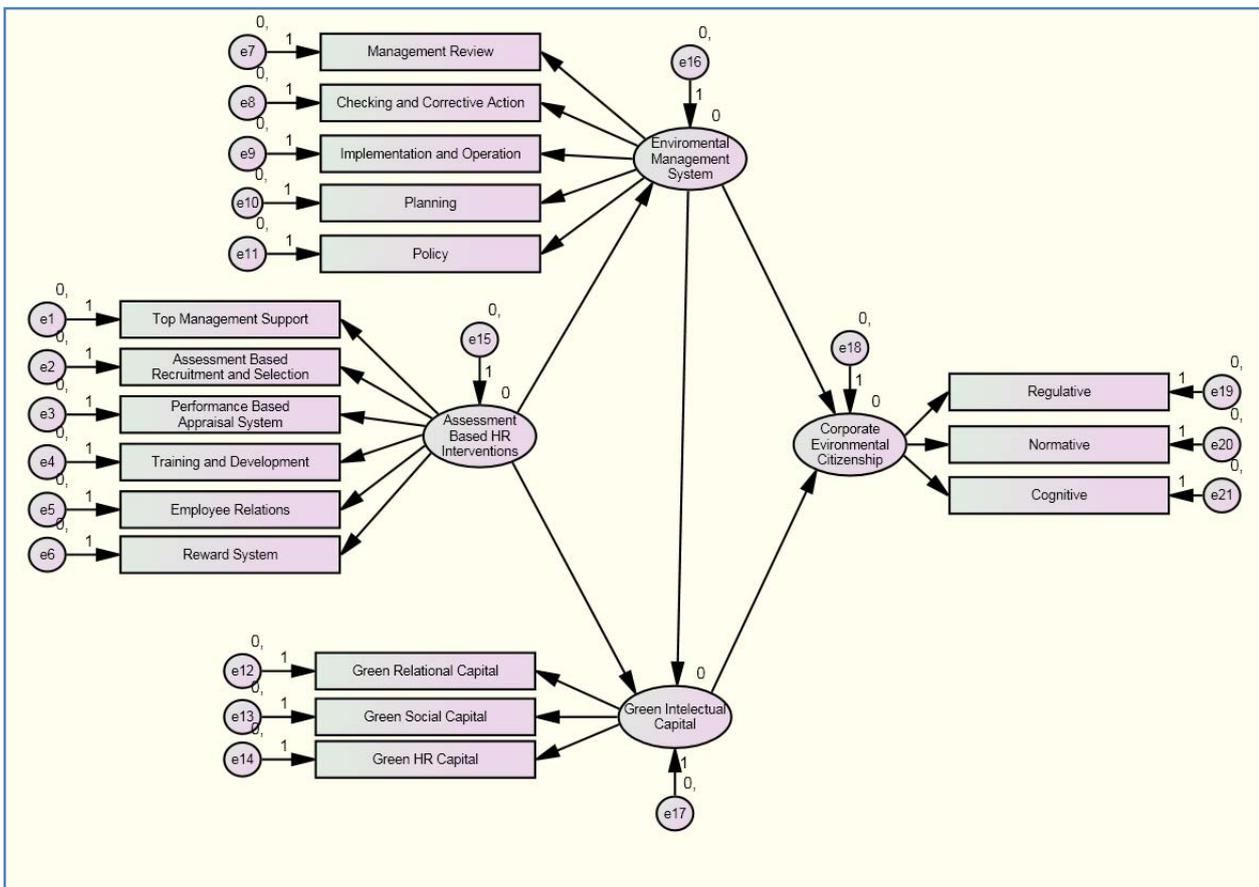
2.4. Green Intellectual Capital

Many studies in the past found that intellectual capital (IC) has positive influence on competitive advantage of firms (Chen, 2008). IC is the total stocks of all intangible assets, knowledge, and capabilities of a firm that could create values or competitive advantages, and achieves its excellent goals. However, no research has explored whether IC in environmental management has a positive effect on competitive advantage of firms (Chen, 2008). Hence, this paper proposes to fill this research gap, and support a novel construct of green intellectual capital - the positive relationship between IC in green innovation or environmental management and competitive advantages of firms. This paper referred to the classification of IC adopted by Bontis (1999) and Chen (2008) which classified green IC into green human capital, green structural capital and green relational capital. This paper proposes to further explore, whether the three types of green IC have positive effects on corporate environment citizenship as on important factors of competitive advantages of firms.

2.5. Corporate Environment Citizenship (CEC)

Corporate environmental behaviour has been researched as an attempt to explain the heterogeneity of organizational response to the environment-related institutional pressures (Sharma, 2000). Studies concerning this specific issue have generally recognized that companies are subject to strong institutional pressure in the form of normative societal expectations, coercive regulations, tight public policies, media and non-governmental organizations scrutiny (Ozen and Kusku, 2008). Environmental strategies of organizations within developing countries vary from opportunistic compliance to voluntaries (Ozen and Kusku, 2008). Hence, the concept of CEC has been defined as “all of the precautions and policies corporations need to implement in order to reduce the hazards that they give to the environment” (Kusku, 2007, p. 75). This study will explore the construct of CEC based on the concept proposed by Ozen and Kusku (2008) which consists of regulative, normative and cognitive as consequences of implementation of EMS and development of green IC assessment based HR interventions.

Based on the literature reviews, this study proposed the following research model;



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