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Innovation Vision 2020:

From Regional Development Sustainability to Global Economic Growth

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Conceptualizing Strategic Green Human Resources Management to Boost Environmental Performance

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Abstract

The emergence and growth of an environmental protection movement as responses to the perception that our planet is reaching extremely high saturation levels of pollution have led to the emergence of a new philosophy labeled as "green". Consequently, in management field, recently we witness the rapid growing research literature on Green marketing, Green accounting, Green retailing and Green general management. However, Green human resource management (GHRM) research, referring to the HRM aspects of environmental management, is relatively scarce. Ironically the literature on Environmental Management often emphasizes that, because organizations are the main cause of environmental problems, they should therefore play a larger part in addressing EM issues. In calling for this area, we expand the scope of strategic HRM (SHRM) to incorporate sustainability issues and, more specifically, to answer a question if there is a space for human resource management to participate in this recent buzzing world. A wide range of eco-initiatives being launched by organizations and managers to address environmental management concerns indicates that there is an opportunity to develop strategic GHRM model of people-management practice, which is emerging as one organizational response to environmental degradation. Though in HRM there is no agreed or fixed list of HRM practices that are used to define or measure human resource management as debates regarding "best fit" and "best practice" keep on proliferating , recently new trend is established: the AMO. Drawing on AMO framework, which discloses the importance of employees abilities, motivation and opportunity to participate, mixed methods are used to survey and draw together the Human Resources elements of Environmental Management and to map the terrain for further study on Green Human Resources Management as yet there are no reported studies on this area within Malaysian setting. Finally, the model is expected to support the recent National Green Policy.

Keywords: green human resources, green ability, green motivation, green opportunity

Introduction

Currently, the strategic HRM literature presumes that HRM systems produce value primarily through their influence on the creation, production, and delivery of goods and services. The symbolic role of HRM practices has seldom been examined. As multiple stakeholders put increasing pressure on organizations to become more environmentally friendly, scrutiny of HRM systems may become more common. Thus, improving our understanding of how stakeholders perceive and evaluate HRM systems vis-à-vis their expectations for environmental sustainability is a worthy research objective. According to AMO theory, HRM works through increasing employees' ability through attracting and developing high-performing employees; enhancing employees' motivation and commitment through practices such as contingent rewards and effective performance management and providing employees with the opportunity to engage in knowledge-sharing and problem solving activities via employee involvement

programmes. Based on these three core components of Green Human Resources Management, the problem would like to highlight is: how current theoretical perspectives and frameworks can be applied by reflective practitioners to create an eco-friendly organizational practices?

Since the pendulum moves to accommodate pro economic, pro social and pro-environment we believe that scholarship at the intersection of strategic HRM and environmental sustainability present new opportunities to find win-win management approaches that yield benefits to shareholders, employees, customers and communities, as well as other organizational stakeholders.

In context of Malaysia, National Green Technology Policy as one of Economic Transformation Model strategies emphasizes improvement in the area of energy, building, water & waste management and transportation. However switching to Renewable Energy (energy) and Low Carbon Model Town (building) are behavior related to sustainable energy consumption that typically recurs infrequently in an individual's live. The same is true for purchasing Electric Vehicle (transportation), which might recur even less frequently. Consequently, the need to win new customers in these markets is high. Since marketing should be done both in external (customer-based) and internal (employees-based), the model we develop will support the existing government policy by providing the model on organizational green practices as it is hard to convince customers to switch to green product unless it is started from within. Manufacturers spend millions on safety training to get people to wear hard hats, but spend very little to make sure their safety critical work instructions are written clearly. With this analogy, there is a space for GRHM practice to support government policy.

As such, this study embarks on the following objectives:

1. To investigate the specific HRM practices that support or inhibit change around environmental issues.
2. To assess extent of HRM practices that can improve the environmental performance of organizations.
3. To make recommendation what type of workforce development needed due to increasing demand for employees in the newly emerging green economy.

Literature Review

The topic of environmental sustainability is generating increased concern among management scholars reflected in a growing research literature on Green marketing (Gordon et al. 2011), Green accounting (Gray & Laughlin 2012), Green retailing (Lai & Wong, 2012), Green supply chain management (Sarkis et al, 2011) and Green general management (Lee, 2009). As management scholars are now analyzing how managerial practices in these areas can contribute to environment management goals, HRM scholars and practitioners alike have been relatively slow to engage in the ongoing discussions and a debate making it is a bit difficult in deciding what people management concerns to include in a review of GHRM. Since Ability– Motivation–Opportunity (AMO) theory is one of the most commonly used conceptualizations of the impact of HRM practices on organizational performance in empirical studies (Boselie et al. 2005), the theory is then use to highlight the respective issues. According to AMO theory, HRM works through increasing employees' ability through attracting and developing high-performing employees; enhancing employees' motivation and commitment through practices such as contingent rewards and effective performance management (PM); and providing employees with the opportunity to engage in knowledge-sharing and problem solving activities via employee involvement (EI) programmers. This literature review then examines each of these three core components when it is applied in Green Human Resources Management setting.

Developing Green abilities

Recruitment practices can support effective environmental management by ensuring that new recruits understand an organization's environmental culture and share its environmental values. Several surveys conducted in the UK and the US indicate that graduates and other job applicants pay attention to the environmental management practices and performance of companies and use such information when deciding where to seek employment. Increasing, firms are beginning to recognize that gaining a reputation as a green employer is an effective way to attract new talent (Stringer, 2009).

Training is widely seen in the literature as a key GHRM intervention, not least in order to heighten staff awareness of the environmental impact of their organization's activities to equip staff with core skills, such as how to collect relevant waste data and to raise the level of 'eco-literacy' and environmental expertise in the firm (Roy and Therin 2008). Well trained and environmentally aware frontline employees are ideally placed to identify and reduce waste, as they are closest to it. A key to the effectiveness of training is developing an environmental knowledge base. Training for management staff is also important for GHRM. As business schools are potentially seen as architects of a new 'evolutionary course' towards sustainability and environmental knowledge, they may play a key role in educating and developing environmental leaders in the future. Furthermore, personal values influence and green leadership behaviors are supported in study of 53 U.K and Japanese companies (Renwick, D., Redman, T., & Maguire, S. 2008).

Propositions 1: Organization that develops green abilities is very likely engaging in green human resources management practices reflected in organizations efficient use of resources and reduced waste pollution.

Motivating Green employees

Monetary and nonmonetary rewards are another potentially powerful tool for supporting environmental management activities. For managers and executives, tying incentive pay to the attainment of environmental goals may help focus attention and invigorate efforts aimed at achieving them. The use of environmental rewards and recognition (such as daily praise and company awards) are seen to have a significant impact on employee willingness to generate ecoinitiatives. Such initiatives are seen to produce an open style of communication which encourages employees to discuss their environmental ideas in an honest and unrestrained manner (Stringer, 2009). However, among the many HR practices available, incentives and rewards are often presumed to be the most powerful means for connecting organizational interests to employees' interests. Managers generally assume that incentives and rewards can direct employees' attention to the most important aspects of their work and motivate them to exert maximal effort. Poorly designed pay practices can lead to employee behaviours that maximize the performance being measured, while being detrimental to the interests of the employer, customers and/or the broader society. Too often, incentives encourage executives to use accounting and other tricks to achieve short-term results and enrich themselves. Compensation schemes that link rewards to performance against environmental objectives will not be immune to such abuse. Also important is recognizing that poorly designed incentives may cause employees to avoid reporting environmental problems for fear of being punished. Therefore, research that identifies effective approaches to designing and implementing compensation practices to support the achievement of environmental goals would be especially useful (Jackson et al. 2011).

Propositions 2: Organization that motivates employees to be green is very likely engaging in green human resources management practices reflected in organizations efficient use of resources and reduced waste pollution.

Providing Green opportunities: employee involvement

Involving employees in EM has been reported as improving the key outcomes of EM systems, including: efficient resource usage; reducing waste and reducing pollution from workplaces (Jackson et al, 2011). Another finding indicates that workers' tacit knowledge is particularly useful in identifying pollution sources, managing emergency situations and developing preventive solutions. Though commitment from senior management to EM systems is seen as providing the underpinning framework for EM, but without wider employee engagement the success of EM may be limited. Management initiative without employee involvement is useless. Rather than management seeking to ensure mere employee compliance with EM systems, the need is to win their 'hearts and minds' to the environmental cause, including involving employees in EM to motivate them to buy-in to taking ownership of energy management use (Renwick, D., Redman, T., & Maguire, S. 2008). Furthermore, a strong theme in the EM literature is that effective outcomes are achieved not just by making changes to production processes, products or raw material, but also by changing the corporate culture such that organizations have deeply embedded values which support long-term sustainability. Finally, trade unions generally have a long history of action on environmental issues, not least because seeking to ensure a safer and healthier workplace for their members and job protection are key traditional union concerns, but, more recently, in order to encourage employers to create new Green jobs and to extend their sphere of influence in the workplace (Renwick, Redman, and Maguire's, 2008). Certainly, employees are among the significant stakeholders of any business, raising the question: How do managers' attitudes and behaviours influence the well-being of employees. Extending such concerns to the arena of Green HRM, we could ask: What are the consequences for employees of working in a company that does or does not engage in sophisticated environmental management?

Propositions 3: Organization that provides green opportunities is very likely engaging in green human resources management practices reflected in organizations efficient use of resources and reduced waste pollution.

Propositions 4: Since Environmental Involvement is in general one of the most longstanding and most researched areas of HRM, providing green opportunities is expected to be the most influential determinants of organizations environmental performance.

Research Design

This research uses both qualitative and quantitative methods of data collection for three reasons: triangulation, comparison and in depth understanding. Although the research reported here is broadly positivist in epistemological orientation with its emphasis on hypothesis testing, it has sought to grasp the `subjective meaning of social action by using mixed research methods. The research will be conducted in 2 (two) phases. The target population of this study is managers in manufacturing sectors in Selangor, Negeri Sembilan, and Malacca and Johor Bahru states. These areas are chosen as those regions are where most industries located. The survey is targeted to obtain at least 300 respondents. By using Structural Equation Model (SEM), the rule of thumb is that the minimum is to have at least five times as many observations. As there were 37 indicators to be tested, a sample of 300 falls within an acceptable sample range.

To sum up, the following theoretical framework indicates relationship among variables.

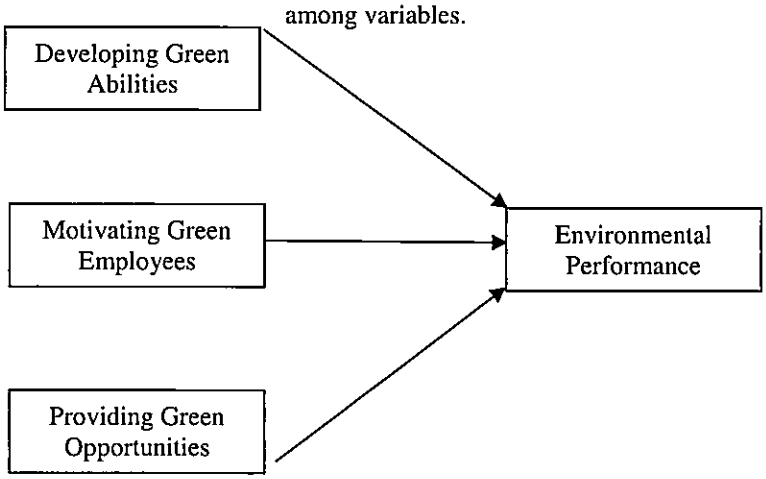

Figure 1: Theoretical Framework

Phase One: Qualitative

Since not much is known about GRHM in Malaysia, exploratory study is conducted to explore tangible factors that could have an impact on green practices. We employ in-depth interviews and record them for data collection to explore managers' actual green practice behavior and reasoning for supporting or against this behavior. Further, interviewees are recruited using the snowballing technique from initial contacts. Since all department practices human resources management, the respondents do not necessarily hold the position of HRM managers. The interviews are designed in three parts. In the first phase, interviewees are asked to supply some examples of recent practices of green human resources management practices. In the second phase of the interview, participants were asked to describe in detail their decisions for two or three of the practices that they had identified in phase one. We ask them to tell us about their practice processes from the first inclination to intention or implementation of green practices. In the final phase of the interview, we ask participants to tell us about their other human resources practices including their routines for motivating employees. In this section, we explicitly instigate discussion about green HRM practices if these have not come up in the course of the interview. In order to capture both the reasoning and the information flows that support them, we plan to use cognitive mapping to record, manage and analyze the interview data using NVivo software. Additionally, analysis of the interview data is conducted in three components: data reduction, data display and drawing conclusions. Accordingly, the analysis involving the selection of underlying factors through manual highlighting and broad categories are manually narrowed down to more focused concepts for constructing quantitative research design in the larger scale of Malaysian manufacturing industries.

Phase Two: Quantitative

To extend the generalizability of the finding from phase one, this study will be tested in larger samples. Survey questionnaire will be disseminated among manufacturing organizations in the industrial states of Malaysia both by applying postal and online modes. As the number of indicators used in this research is quite extensive, an exploratory factor analysis is used to simplify the interpretation of the variables and

also to validate all of the constructs under investigation. When no particular problem is observed in the measurement model, the structural-equation modeling is then employed to analyze the overall fit of the proposed model, and to estimate all the relevant path coefficients. Finally theory trimming is performed by eliminating path with insignificant coefficients, and this becomes the model for Green Human Resources Management in Malaysia.

Conclusion

Management scholars from areas as diverse as accounting, marketing and supply-chain management are now analysing how managerial practices in these areas can contribute to environmental management goals. In contrast, scholarship at the intersection of human resource management (HRM) and environmental management is exceedingly scarce. In Malaysian setting, national green policy is focused on generating friendly-environment product where as it is customary in developing country the target market of this product is still limited. Our finding on the relationship between environmental sustainability and HRM emphasizing a discussion of the determinants of environmental activities and speculation about the performance outcomes that might be influenced by linking HRM and environmental activities will provide a new insight on sustainability. We believe that the notion of sustainability also applies to HRM. All too often, accounts of strategic HRM assume that human resources are there to be consumed and exploited rather than developed and maintained and a wider GHRM practice would help place sustainability at the heart of people management. This finding, when coupled with the well-established research reporting a strong association between HRM in general and organizational performance, suggest that the GHRM practices identified in this research may have a role to play in improving not only the environmental performance, but also the financial performance of the organization. In sum, we believe that GHRM has potential to contribute positively to both employee well-being and improved organizational performance.

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