

**THE CONTRIBUTION OF HUMAN RESOURCES (HR)
FUNCTIONS TOWARDS A FIRM'S SUSTAINABLE
DEVELOPMENT STRATEGIES**

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TABLE OF CONTENTS

ACKNOWLEDGEMENT	ii
TABLE OF CONTENTS	iii
LIST OF TABLES	vii
LIST OF FIGURES	viii
LIST OF APPENDICES	ix
ABSTRAK	x
ABSTRACT	xii
CHAPTER 1 INTRODUCTION	1
1.1 Introduction	1
1.2 Background of the Study	1
1.3 Problem Statement	3
1.4 Research Objectives	5
1.5 Research Questions	5
1.6 Significance of the Study	6
1.7 Definitions of Key Terms	7
1.8 Organization of Remaining Chapters	10
CHAPTER 2 LITERATURE REVIEW	11
2.1 Introduction	11
2.2 Organization Sustainability	12
2.3 Indicators of Sustainability	17
2.4 Triple Bottom Line Sustainability	20
2.5 Resource-Based View Sustainability	21
2.6 Human Resources Management and Functions	24
2.7 Human Resources' Contribution towards Sustainability	26
2.8 Underlying Theory	33
2.8.1 Organizational Behavior and Theory	33

2.9 Gap in the Literature	34
2.10 Justification for Variables Chosen	34
2.11 Theoretical Framework	36
2.12 Hypotheses Development	37
2.12.1 Leadership Development	37
2.12.2 Training and Development	38
2.12.3 Diversity and Multiculturalism	38
2.12.4 Ethics and Governance	39
2.12.5 Talent Management	40
2.12.6 Workforce Engagement	40
2.13 Summary	41
CHAPTER 3 METHODOLOGY	42
3.1 Introduction	42
3.2 Research Design and Procedure	42
3.2.1 Type of Study	42
3.2.2 Nature of Study	43
3.2.3 Unit of Analysis	43
3.3 Population, Sample Size and Sampling Method	43
3.3.1 Population	43
3.3.2 Sampling Size	44
3.3.3 Sampling Technique	44
3.4 Survey Instruments and Procedure	45
3.4.1 Study Variables	45
3.4.1.1 Dependent Variable	45
3.4.1.2 Independent Variable	45
3.4.2 Survey Instrument	45
3.4.3 Questionnaire Design	46
3.5 Data Collection Method	48

3.6 Statistical Analysis	48
3.6.1 Descriptive Analysis	49
3.6.2 Factor Analysis	49
3.6.3 Reliability Analysis	50
3.6.4 Compute Mean Value for Variables	50
3.6.5 Correlation Analysis	50
3.6.6 Regression Analysis	50
3.7 Summary	51
CHAPTER 4 DATA ANALYSIS	52
4.1 Introduction	52
4.2 Respondents' profile	52
4.3 Goodness of measures	54
4.3.1 Factor Analysis	54
4.3.1.1 Factor Analysis of Independent Variables	54
4.3.1.2 Factor Analysis of Dependent Variable	58
4.3.2 Reliability of Measurement	59
4.4 Descriptive Analysis	60
4.5 Correlation Analysis	61
4.6 Hypotheses testing	62
4.6.1 Multiple Regression Analysis	62
4.6.2 Test of H ₁	66
4.6.3 Test of H ₂	66
4.6.4 Test of H ₃	66
4.6.5 Test of H ₄	67
4.6.6 Test of H ₅	67
4.6.7 Test of H ₆	68
4.7 Summary of Results	68

CHAPTER 5	DISCUSSION AND CONCLUSION	70
5.1	Introduction	70
5.2	Recapitulation of the Study Findings	70
5.3	Discussion of Major Findings	72
5.4	Implications of the Study	76
5.5	Limitations	77
5.6	Areas for Future Research	78
5.7	Conclusion	78
REFERENCES		80
APPENDIX A	QUESTIONNAIRE	87
APPENDIX B	FREQUENCY TABLES	94
APPENDIX C	FACTOR ANALYSIS	96
APPENDIX D	RELIABILITY ANALYSIS	103
APPENDIX E	DESCRIPTIVE STATISTICS	110
APPENDIX F	CORRELATION ANALYSIS	111
APPENDIX G	MULTIPLE REGRESSION ANALYSIS	112

LIST OF TABLES

<u>Table</u>	<u>Description</u>	<u>Page</u>
Table 1.1	Human Capital Activities and HR Function	4
Table 2.1	Percentage breakdown on what is the main objective of organization's sustainability efforts.	15
Table 2.2	Traditional vs. sustainability indicators of economic, environmental and social	19
Table 2.3	Percentage breakdown on Human Resources' primary role in organization's sustainability efforts	32
Table 3.1	Summary of questionnaire items	37
Table 4.1	Demographic Profile of Respondents and Organizations	53
Table 4.2	Factor Analysis of Determinants of Sustainable Development Strategies	56
Table 4.3	Factor Analysis of Sustainable Development Strategies	58
Table 4.4	Reliability Analysis	60
Table 4.5	Descriptive statistics	61
Table 4.6	Correlation Analysis Results	62
Table 4.7	Result of Multiple regression analysis	63
Table 4.8	Summary of Hypotheses Results	69

LIST OF FIGURES

<u>Figure</u>	<u>Description</u>	<u>Page</u>
Figure 2.1	The sustainable livelihoods framework	14
Figure 2.2	Managing for organizational sustainability	23
Figure 2.3	The sustainability pyramid	30
Figure 2.4	Theoretical Framework	35
Figure 4.1	Results of Multiple Regression Analysis	65

LIST OF APPENDICES

	<u>Description</u>	<u>Page</u>
Appendix A	Questionnaire	88
Appendix B	Frequency Tables	95
Appendix C	Factor Analysis	97
Appendix D	Reliability Analysis	104
Appendix E	Descriptive Statistics	111
Appendix F	Correlation Analysis	112
Appendix G	Multiple Regression Analysis	113

ABSTRAK

SUMBANGAN FUNGSI SUMBER MANUSIA (HR) TERHADAP STRATEGI PEMBANGUNAN MAMPAN FIRMA

Kemampuan pada dasarnya merangkumi keseimbangan faktor-faktor sosial, persekitaran, dan ekonomi untuk prestasi jangka pendek dan jangka panjang dan ia merupakan isu penting bagi dunia dan untuk perniagaan (Wirtenberg, Harmon, Russell dan Fairfield, 2008). Isu ini dianggap semakin kritikal, akan tetapi, bagaimana sesuatu organisasi dapat memberi respon dengan cara yang lebih strategik dan berkesan? Sumber Manusia (HR) diklasifikasikan sebagai faktor kunci dalam kemampuan organisasi untuk membina dan mempertahankan kelebihan bersaing yang boleh memainkan peranan penting dalam organisasi perniagaan (Daud, 2006). Mempraktiskan amalan sumber manusia yang berkesan dan cekap adalah sangat penting dan selaras dengan kejayaan organisasi untuk hari ini yang pada akhirnya akan mendorong kemampuan organisasi. Oleh yang demikian, tesis ini bertujuan mengkaji sumbangan amalan sumber manusia terhadap strategi pembangunan mampan firma. Enam fungsi sumber manusia, iaitu pembangunan kepimpinan, latihan dan pembangunan kepelbagaian dan fahaman pelbagai budaya (multikulturalisme), etika dan tata pentadbiran, pengurusan bakat dan penglibatan tenaga kerja telah dipilih untuk kajian ini. Data dikumpulkan melalui borang soal selidik berstruktur daripada 127 responden dan dianalisis secara statistik. Hasil kajian ini menunjukkan bahawa kepelbagaian dan fahaman pelbagai budaya (multikulturalisme), mempunyai sumbangan yang paling ketara dan signifikan terhadap strategi pembangunan

mampan. Pada masa yang sama, pembolehubah lain seperti pengurusan bakat, pembangunan kepimpinan dan penglibatan tenaga kerja juga dikenal pasti berkaitan secara positif dan signifikan terhadap strategi pembangunan mampan. Pemahaman yang mendalam terhadap faktor ini boleh membantu organisasi dalam menentukan bagaimana amalan sumber manusia berkolerasi dengan kesinambungan perniagaan yang lebih memuaskan, menentukan sektor berpotensi untuk pelaburan dan juga membantu merangka amalan sumber manusia strategik untuk meningkatkan strategi pembangunan mampan.

ABSTRACT

Sustainability is all about balancing social, environmental, and economic factors for short and long-term performance and it as a critical issue for the world and for business (Wirtenberg, Harmon, Russell & Fairfield, 2008). It is considered increasingly pressing, but how can organizations respond in a strategic and meaningful way? Human Resources (HR) are widely viewed as a key factor in an organization's ability to build and sustain competitive advantage; it can play a critical role in business enterprises (Daud, 2006). The importance of having an effective and efficient human resource functions is aligned with the success of today's organizations which will eventually lead to the organization sustainability. Hence, this study investigates the contributions of human resources functions to the organizations' sustainable development strategies. Six functions of HR, namely leadership development, training and development, diversity and multiculturalism, ethics and governance, talent management and workforce engagement had been selected for this study. Data was collected through a self-administered questionnaire from 127 respondents and was statistically analyzed. The findings show that diversity and multiculturalism has the most significant contribution towards sustainable development strategies. Similarly, talent management, leadership development and workforce engagement are positively and significantly associated to the level of the dependent variable. Understanding all these factors can assist the organizations in determining how particular HR functions correlate with better business sustainability, determine potential areas for investments and design their strategic human resources functions in order to improve firm's sustainability.

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter shall give an introduction to this study and consists of seven sections. The first four sections describe the background of the study, the grounds for concern and importance of the problem, the objectives of this research and research questions. The remaining sections explain the significance and implications of this research and finally conceptual definition of key terms from all the variables of the study.

1.2 Background of the Study

Sustainability is a cross functional issue, and must incorporate knowledge and insights from multiple disciplines. The term “sustainability” brings different meanings to different people from different backgrounds and there are always some arguments over the term sustainability, as discussed in following sections. Wirtenberg, Harmon, Russell and Fairfield (2008) define sustainability as “balancing social, environmental, and economic factors for short and long-term performance and refer it as a critical issue for the world and for business” (p. 10). This is supported by the report on Symposium on Sustainability (2001). Sustainability is considered increasingly pressing, but how can organizations respond in a strategic and meaningful way? How can companies equip their human resource to execute sustainability strategies and generate the business values that come with supporting social, environmental, and economic factors?

According to Daud (2006), as firms' sustainability is considered as one of the major organizational goals, the recent research in human resource (HR) has been directed at understanding the relationship between HR functions and organizations' sustainability. Pfeffer (1994) claimed that the human resources of the organizations have been recognized and are widely accepted as a pillar which provides a source of competitive advantage for firms (Daud, 2006). Many authors (Kamoche, 1996; Lado & Wilson, 1994; Mueller, 1996; Wright, McMahan & McWilliams, 1994) have emphasized on the increasing interest in human resources which is due to the assumptions that employees and the way they are managed are critical to the overall success and sustainability of a firm (Daud, 2006). Hashim, Ali and Fawzi (2005) found that for newly emerging, industrialized and fast growing economy like Malaysia, the human resource development, i.e. strategic practices is found to be an important agenda in business for economic growth and sustainable development in the competitive environment.

Human resources are widely viewed as a key factor in an organization's ability to build and sustain competitive advantage; it can play a critical role in business enterprises (Daud, 2006). The importance of having an effective and efficient human resource practices is aligned with the success of today's organizations which will eventually lead to the organization sustainability.

1.3 Problem Statement

This study investigates the contributions of Human Resources (HR) functions to the organizations' sustainable development strategies. The emerging challenge of integrating social, environmental, and economic issues into firms' strategies and operations has begun to engage a wide number of researchers, such as Epstein (2008), Hart and Milstein (2003) and Sharma and Henriques (2005). While an increased empirical and theoretical attention has been given in achieving a firm's environmental goals, the role and contributions of the HR functions in that achievement has not been widely studied.

Researchers and practitioners have just begun to investigate the significant contributions that HR might be delivering to assist firms to foster greater sustainability. Losey and colleagues (2005) as cited in Wirtenberg et al. (2008) saw many opportunities in the realm of sustainability for HR to bring important operational competencies and exert strategic leadership. Areas in which they saw HR professionals as potentially making a strong contribution were in organization development, especially for their facilitation and conflict management skills, change management, culture change, and alignment of human resource and other systems and processes (Wirtenberg et al., 2008).

According to Wirtenberg et al. (2008), HR was already playing a meaningful role but there was still a need or gap in fostering sustainability of organizations (designated by W-HR) in the below Table 1.1 on Human Capital Activities and HR Function contributed by Wirtenberg et al. (2008).

Table 1.1

Human Capital Activities and HR Function

Company	1. Strategic Position	2. Proactivity	3. Leadership Development	4. Change Management	5. Collaboration & Teamwork	6. T & D	7. Talent Management	8. Diversity/Multicultural	9. Ethics & Gov	10. Inculcate Values	11. Health & Safety	12. Workforce Engagement
A	4	3.5	S-HR	W-NoHR	W-NoHR	S-HR		S-HR	S-HR	S-NoHR	S-HR	S-HR
B	4.5	4.25	S-HR	S-HR	W-HR	S-HR	S-HR			S-HR		S-NoHR
C	3	3	W-HR		S-NoHR	S-HR	W-HR	S-HR	S-HR	S-NoHR	S-NoHR	W-HR
D	2	2	S-HR	W-NoHR	S-NoHR	S-HR	S-HR	S-HR	S-HR	W-HR	S-NoHR	S-HR
E	4.5	4	S-HR	S-HR	S-HR	S-HR	S-HR	W-NoHR	S-HR	S-HR		S-HR
F	4.25	3.25	S-HR	S-HR	S-HR	S-HR		S-HR	S-HR	S-HR	S-HR	
G	2.25	2	S-NoHR	S-NoHR	W-NoHR	S-NoHR	S-HR		S-HR			W-NoHR
H	5	5	S-HR	S-HR	W-NoHR	S-HR	S-HR	S-HR	S-HR	S-HR	S-HR	S-HR
I	3.5	2.5	W-HR	W-HR	S-HR	W-HR		S-HR	S-HR	S-NoHR	S-NoHR	S-HR
MEAN	3.5	3.1										

Source: Wirtenberg et al., 2008

Key:

1 = Extremely weak

5 = Extremely strong

S-HR Strong area, with meaningful role by HR function

W-HR Weak area, with meaningful role by HR function

S-NoHR Strong area, with no meaningful role by HR function

W-NoHR Weak area, with no meaningful role by HR function

[Blank] No data reported

In the Malaysian context, as far as I am concerned, no studies have been conducted or have really looked into the view of HR managers on the contributions of HR functions to sustainability issues of their organizations. Therefore, this study investigates the contributions of HR functions towards the sustainability issues in different manufacturing organizations. Of interest is to see what HR functions are related strongly to sustainability efforts of the companies.

1.4 Research Objectives

This study attempts to accomplish main objectives as below:

- 1) To investigate whether the human resources functions of organizations contribute towards a firm's sustainable development strategies. The six human resources functions which are being studied are leadership development, training and development, diversity and multiculturalism, ethics and governance, talent management and workforce engagement.
- 2) To identify what are those human resources functions that contribute to sustainability efforts of companies, out of these six functions of human resources, where the HR community should be developing in.

1.5 Research Questions

In order to achieve the objectives of this research, this study would aim to provide some solutions to the following research questions:

- 1) Do the human resources functions contribute towards a firm's sustainable development strategies?

- 2) What human resources functions contribute significantly to sustainability efforts of organizations?

1.6 Significance of the Study

This study is significant in that it investigates the contribution of Human Resources (HR) functions of organizations to sustainability issues. In the current situation of economic meltdown, the first target is to retrench people, reduce headcount when the organization faces struggles in order to sustain in the industry. Moving forward, in order to overcome this threat, HR must change its role to a more powerful influence towards the organization's success. By doing this, such mindset of retrenching people and reducing headcount could be changed in long term. In order to achieve this, important factors associated with moving organizations toward greater sustainability and the role that human resources is and might be playing in that journey have to be identified.

From a practical perspective, the findings of this study will be useful to top management and HR managers and practitioners to design their strategic HR functions in order to improve firm's sustainability. As we are in a competitive business environment, companies need to develop more sustainable business models, and the human resources function has a key role to play. Hence, it is vital for the organizations to know which HR functions are related strongly to sustainability efforts of companies. This study could help to identify those HR functions which assist the sustainability effort the most.

1.7 Definition of Key Terms

In an effort to better aid the understanding of the findings in this study, a conceptual definition of key terms from all the variables of study is provided. The following shows the definition of key terms and the sources of the definition.

Sustainability

Sustainability is defined as balancing social, environmental, and economic factors for short and long-term performance and is a critical issue for the world and for business (Wirtenberg et al., 2008). Sustainability cannot be developed and imposed on a community by someone outside that community. It needs to be developed and implemented by the community itself (Hart, 2006).

Sustainability Indicators

Indicators of a sustainable community point to areas where the links between the economy, environment and society are weak. They allow you to see where the problem areas are and help show the way to fix those problems. Sustainability indicators reflect the reality that the three different segments are very tightly interconnected (Hart, 2006).

Human Resources Practices

Human Resources Practices refers to organizational activities directed at managing the pool of human resources and ensuring that the resources is employed towards the fulfillment of organizational goals (Schuler & Jackson, 1987; Schuler & MacMillan, 1984; Wright & Snell, 1991, as cited in Daud, 2006).

Sustainable Development Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs (International Institute for Sustainable Development, 2010). It contains within it two key concepts:

- the concept of needs, in particular the essential needs of the world's poor, to which overriding priority should be given; and
- the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs (International Institute for Sustainable Development, 2010).

Leadership Development

An intentional effort to provide leaders and emerging leaders with opportunities to learn, grow and change. Its purpose is to produce individuals over time with the skills to function effectively within the organization (Leadership Network, n.d.)

Training and development

Training and development refers to the process to obtain or transfer knowledge, skills and abilities needed to carry out a specific activity or task (HR Magazine, 2008).

Diversity and multiculturalism

Diversity or multiculturalism is the acceptance or promotion of multiple ethnic cultures and embracing different peoples, beliefs, hopes and dreams (Poornima, 2010).

Ethics and governance

The field of ethics (or moral philosophy) involves systematizing, defending, and recommending concepts of right and wrong behavior (Fieser, 2009).

Talent management

In the broadest possible terms, it is the strategic management of the flow of talent through an organization. Its purpose is to assure that the supply of talent is available to align the right people with the right jobs at the right time based on strategic business objectives (Duttagupta, n.d.).

Workforce engagement

Refers to the extent of workforce commitment, both emotional and intellectual, to accomplishing the work, mission, and vision of the organization. Organizations with high levels of workforce engagement are often characterized by high-performing work environments in which people are motivated to do their utmost for the benefit of their customers and for the success of the organization (Steel, 2007).

1.8 Organization of Remaining Chapters

This dissertation consists of five chapters. This section will outline the chapters' organization of this study. Chapter one presents the overview and the direction of the study and highlights the background of the study, problem statement, research questions, purpose of conducting the study, the significance of the study and finally definitions of key variables. The second chapter shows relevant models, theory and literature from past research in order to strengthen the framework of the study. The topics will cover the human resources functions and the response towards the organization's sustainability. Based on the literature review, the theoretical framework and hypotheses are developed. Chapter three covers the research methodology, detailing the sampling procedures, population and samples, methodology to collect data i.e. questionnaire, measurements and statistical analysis tool and instruments employed for this study. Following these, the fourth chapter discusses data analysis and then presents the summary of the results. Chapter five, which is the final chapter, recapitulates the study and discusses major findings, implications and limitations of the study. It then gives suggestions for future research and the conclusion.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter is devoted to the review of prior literatures on this study. It consists of the topics of human resources and its functions and organization sustainability, followed by the explanation of various models and frameworks on human resources functions towards the sustainability efforts. The theory supporting the relation between human resources functions and organization sustainability had been identified. The review of literature leads to the development of the theoretical framework and hypotheses for this study.

2.2 Organization Sustainability

A growing number of companies have incorporated a sustainability focus in their business strategies and operations. Defined most commonly as “the triple bottom line” of setting environmental, social, and economic goals (Elkington, 1997), sustainability strategies are in response to take active roles in solving pressing global issues.

The term sustainability, as defined earlier, means an action where all social, environmental, and economic factors are balanced for short and long-term performance of the organization and is a critical issue for the world and for business (Wirtenberg et al., 2008). According to Millar (2009) “Sustain” is derived from the Latin word *sustinere* meaning to “hold up, support, endure”, the Oxford English Dictionary defines sustain as “keep (something) going over time or continuously”, and sustainable as “avoiding

depletion of natural resources”. Hence, attaining business sustainability requires the organization to operate in an effective and efficient manner in all aspects of operations. Millar (2009) also says that a truly sustainable organization consciously works on achieving profits by reducing costs through several targets. People is the most valuable resource of an organization, but very often in cost cutting exercises, employees are one of the first “costs” to be cut as this can create an immediate huge saving (Millar, 2009). “How do you avoid cutting the wrong people, retain the employees that you want to keep and have the right people in the right positions to ensure that you sustain in the business” is the key question raised by Millar (2009). But for Joseph High, who is the senior vice president of human resources of Owens Corning’s, sustainability has a different meaning (Marquez, 2008). Marquez (2008) quoted that, High focused on maintaining the sustainability of the company’s talent pipeline throughout the world by continuing to find and develop talent at a rapid pace, despite a tough economy and a dismal housing market.

On the other hand, the term sustainability is concerned with meeting the needs of people today without compromising the ability of future generations to meet their own needs (World Business Council for Sustainable Development, 2005 as cited in Wirtenberg et al., 2008). Dixon, 2003; Margolis & Walsh, 2001 argued that the investment community and corporate executives or directors appear to be focused increasingly on the degree to which firms are managed sustainably (Wirtenberg et al., 2008).

It is well-stated that sustainability is a process but not an end. Sustainability involves all the elements and functions of an organization and every major decision made

within the organization. In relation to sustainable agriculture, sustainability is said to be a complex and contested concept, it implies persistence and the capacity of something to continue for a long time (Batchelor & Norrish, 2002). Sustainability has become an increasingly important issue for social marketing programs as well (Sullivan, Cisek, Barnes & Netzer, 2007). On the other hand, the report by Abt Associates Inc. (n.d.), defines sustainability as a measure of an organization's ability to fulfill its mission and serve its stakeholders over time. For health care service delivery organizations, improved sustainability means broader sources of funding and an enhanced ability to deliver vital services to target populations.

Hart (1999) states that, given the parallel trend of a fundamental shift in power away from governments, and toward an increasingly pervasive influence of the corporate sector, many world leaders have suggested that if there is to be any hope of delivering sustainable development, it is imperative that business becomes significantly more involved in sustainable business practices (Colbert, Kurucz & Wheeler, 2007). Ryan (2006) says if an organization is to be looked upon as one that will continue to thrive without exhausting its resources, then strategies that develop and ensure long-term access to an intellectually invested labor pool is a critical analysis point for investors. A new generation of civil society groups, who along with other business stakeholders such as consumers, communities, employees, and governments, are reshaping the set of demands facing contemporary business leaders. Business firms are therefore placing increased emphasis on their ongoing sustainability, which implies a simultaneous focus on economic, social, and environmental performance (Colbert, Kurucz & Elizabeth, 2007).

According to Batchelor and Norrish (2002), the notion of negotiating sustainability is useful as it addresses the ‘short term’ or ‘lack of need for’ sustainability.

In an ICT expert discussion (Imfundo, 2002 as cited in Batchelor and Norrish, 2002), sustainability was defined as investments which continue to produce a return where the “return” was defined as beyond financial and including educational and social as well. By this definition, it is clear that an activity could be sustainable if it produces a return which is not necessarily financial based.

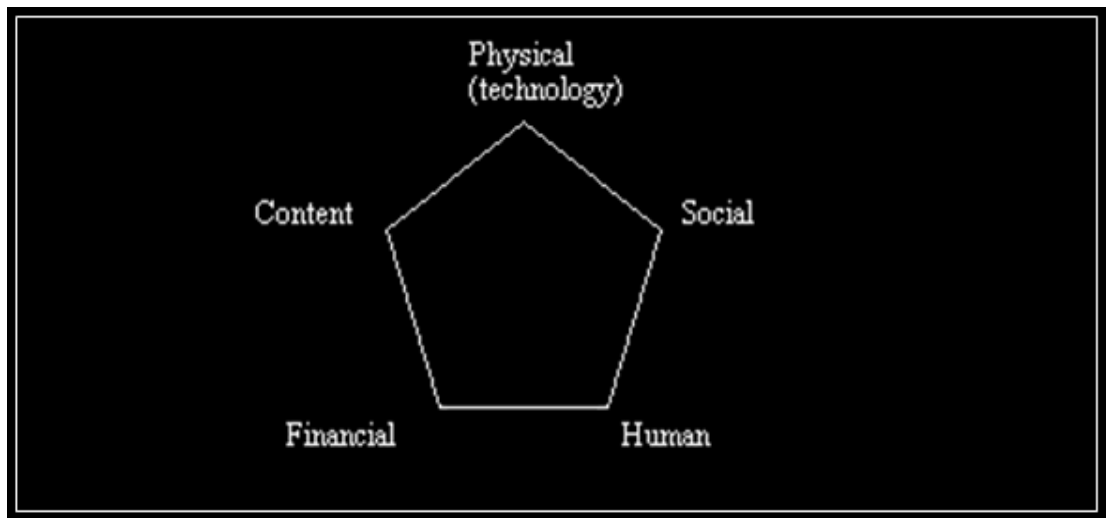


Figure 2.1 The sustainable livelihoods framework by Ashley and Carney (1999).

The sustainable livelihoods framework (Ashley and Carney, 1999) was developed and used in slightly different forms by some agencies and has its focus four capital assets, which are financial, human, social and physical between which a balance has to be achieved (Batchelor and Norrish, 2002). The approach differentiates between different kinds of sustainability which are useful in relation to ICT. Batchelor and Norrish (2002) define that there are:

- Economic sustainability; achieved when a given level of expenditure can be maintained over time.
- Social sustainability; achieved when social exclusion is minimized and social equity maximized.
- Institutional sustainability; achieved when prevailing structures and processes have the capacity to continue to perform their functions over the long term.

Deloitte Development LLC (2008) has conducted a survey on the main objective of organization’s sustainability efforts and concluded as below in Table 2.1. It shows clearly that “It’s the right thing to do” was the favorite choice.

Table 2.1

Percentage breakdown on what is the main objective of organization’s sustainability efforts

Votes Received: 125	
Increase revenue	10.40%
Enhance brand reputation	27.20%
Comply with regulatory and legal requirements	6.40%
Attract/retain environmentally conscious customers	7.20%
Become more attractive to talent	10.40%
It's the right thing to do	38.40%

Source: Deloitte Development LLC (2008)

Lockwood (2004) says that long-term sustainability demands that organizations rethink their business goals and objectives from solely focusing on making a profit to corporate citizenship.

Wirtenberg et al. (2008) identified seven distinguishing qualities that are critical to understand and evaluate the sustainability journeys of nine enterprises in their study, which are deeply ingrained values, strategic positioning, top management support, systems alignment (structures, processes around sustainability), metrics, holistic integration (across functions), and stakeholder engagement. Wirtenberg et al. (2008) found that values related to sustainability were deeply ingrained in the “DNA” of those companies which were included in their study. Their ratings might be strongly influenced by what they understood during interviews, they cross-checked their ratings against a variety of public reports on each firm. The companies were sorted according to their overall average score.

Wirtenberg et al. (2008) discovered that the top management frequently asserted their personal and positional influence about the importance of sustainability, and they got personally involved in setting the priorities as well as making important strategic decisions that affect the sustainability of the enterprise. Most of the companies in the study reported that metrics are central to their efforts at managing sustainably by not only measuring key indicators and managing by them, but also disclosing them publicly. Some of the companies attained a particularly distinguished level of accomplishment in holistic integration that can be a part of a sustainable enterprise and can be inferred as the most comprehensive level of achievement.

2.3 Indicators of Sustainability

Mayer, Thurston, and Pawlowski (2004) mentioned that sustainability is often poorly defined and difficult to measure. According to them, many quantifiable sustainability measures have been developed from the perspectives of ecology, economics, and physics, but there is no one sustainability index is likely to capture all of the types of interactions between humans and the environment. Hence it is advised that sustainability measures are probably best used in combination which requires multidimensional indicators that show the links among a community's economy, environment, and society (Mayer et al., 2004).

According to the Corporation for National & Community Service (2005), there are three major components in supporting sustainability through strategy development which are strategic analysis, planning and management. Examples of strategic analysis activities are as Needs Assessment, Environmental Scan, Analysis of Funding Trends and also the evidence that works such as success stories, test scores, attendance increases, and office referral reductions (Corporation for National & Community Service, 2005).

According to Hart (2006), a comparable sustainability indicator is the Index of Sustainable Economic Welfare. In order to get a more complete picture of what is economic progress, the ISEW subtracts from the GDP corrections for harmful bases or consequences of economic activity and adds to the GDP corrections for significant activities such as unpaid domestic labor. Like the GDP, the ISEW bundles together in one index tremendous amounts of information, but the key difference is that the information takes into account the links between environment, economy and society. This was also supported by Fricker (2001).

Indicators of sustainable community are useful to different communities for different reasons (Corporation for National & Community Service, 2005). For communities with economic, social, or environmental problems, indicators can point the way to a better future. Table 2.2 below compares traditional indicators with sustainable community indicators of economic, environmental and social, which were contributed by Hart (2006).

Table 2.2

Traditional vs. sustainability indicators of economic, environmental and social

Economic Indicators		
Traditional Indicators	Sustainability Indicators	Emphasis of Sustainability Indicators
Median income Per capita income relative to the U.S. average	Number of hours of paid employment at the average wage required to support basic needs	What wage can buy Defines basic needs in terms of sustainable consumption
Size of the economy as measured by GNP and GDP	Wages paid in the local economy that are spent in the local economy Dollars spent in the local economy which pay for local labor and local natural resources Percent of local economy based on renewable local resources	Local financial resilience
Environmental Indicators		
Traditional Indicators	Sustainability Indicators	Emphasis of Sustainability Indicators
Ambient levels of pollution in air and water	Use and generation of toxic materials (both in production and by end user) Vehicle miles traveled	Measuring activities causing pollution
Tons of solid waste generated	Percent of products produced which are durable, repairable, or readily recyclable or compostable	Conservative and cyclical use of materials
Social Indicators		
Traditional Indicators	Sustainability Indicators	Emphasis of Sustainability Indicators
Number of registered voters	Number of voters who vote in elections Number of voters who attend town meetings	Participation in democratic process Ability to participate in the democratic process

Source: Hart (2006)

It is discussed that, there are broadly five types of social indicators - informative; predictive; problem oriented; programme evaluative; and target delineation (Fricker, 2001). Most of the social indicators are in part economic, environmental and sustainability measures too. They can be comparative, between and within socio-economic and ethnic groupings.

2.4 Triple Bottom Line Sustainability

The phrase “Triple bottom line” (TBL or 3BL) was first used in 1989 by John Elkington, co-founder of a consultancy focused on sustainability (Bloch, 2010). Triple bottom line stands for People, Planet and Profit and it is actually an increasingly recognized concept. The TBL is a form of reporting that takes into account the impact our business has in terms of social and environmental values along with financial returns. Whereas traditional models were all about profit and more profit all the time; triple bottom line accounting recognizes that without happy, healthy people to conduct the business and the natural environment able to sustain those people and supply resources for trade, the organization is unsustainable in the long run.

Based on the literature review done, Colbert, Kurucz and Elizabeth (2007) had a broad explore on the relevance of the framework to notions of strategy, leadership, performance, and firm capabilities. Following thematic and conceptual analysis of the interview data, they presented three conceptions of triple bottom line sustainability that were observed, and outlined the implications for strategy, firm capabilities, and human resource management.

At a high level, triple bottom line sustainability is a concept that explicitly acknowledges as important the relationship between a firm's economic performance and its performance in social and environmental terms (Colbert et al., 2007). For decades business owners, managers and academics have struggled with the question of the role of business in society. According to Colbert et al. (2007), many of the executives and managers that were interviewed talked about the benefits to them of the TBL construct as a framework in which to rethink their day-to-day business, and their business strategies going forward. The article concludes with some implications of the three conceptions of TBL sustainability for firm capabilities and for human resource management.

2.5 Resource-Based View Sustainability

The resource-based view (RBV) argues that firms possess resources, a subset of which enables them to achieve competitive advantage, and a subset of those that lead to superior long-term performance (Wade, 2005). Halawi, Aronson & McCarthy (2005) stated that a firm's resources consist of all assets both tangible and intangible, human and nonhuman that are possessed or controlled by the firm and that permit it to devise and apply value-enhancing strategies (Barney, 1991; Wernerfelt, 1984). Resources that are valuable and unique can lead to the creation of competitive advantage. That advantage can be sustained over longer time periods to the extent that the firm is able to protect against resource imitation, transfer, or substitution.

The complex resource-based view (Colbert, 2004 as cited in Colbert, et al., 2007), is a perspective that operationalizes the traditional resource-based view through the

application of living systems heuristics, will allow us to identify the HR principles that are required to build capacity in terms of *connectivity*, *commitments*, *culture* and *capabilities* of the sustainable organization.

Considering the elements of the sustainable organization, The Four C's model for organizational sustainability (as shown in Figure 2.2) by Wheeler (2003) as cited in Colbert, et al. (2007), has been framed, as it relates to the living systems' heuristics and relevant HR principles outlined by Colbert in 2004.

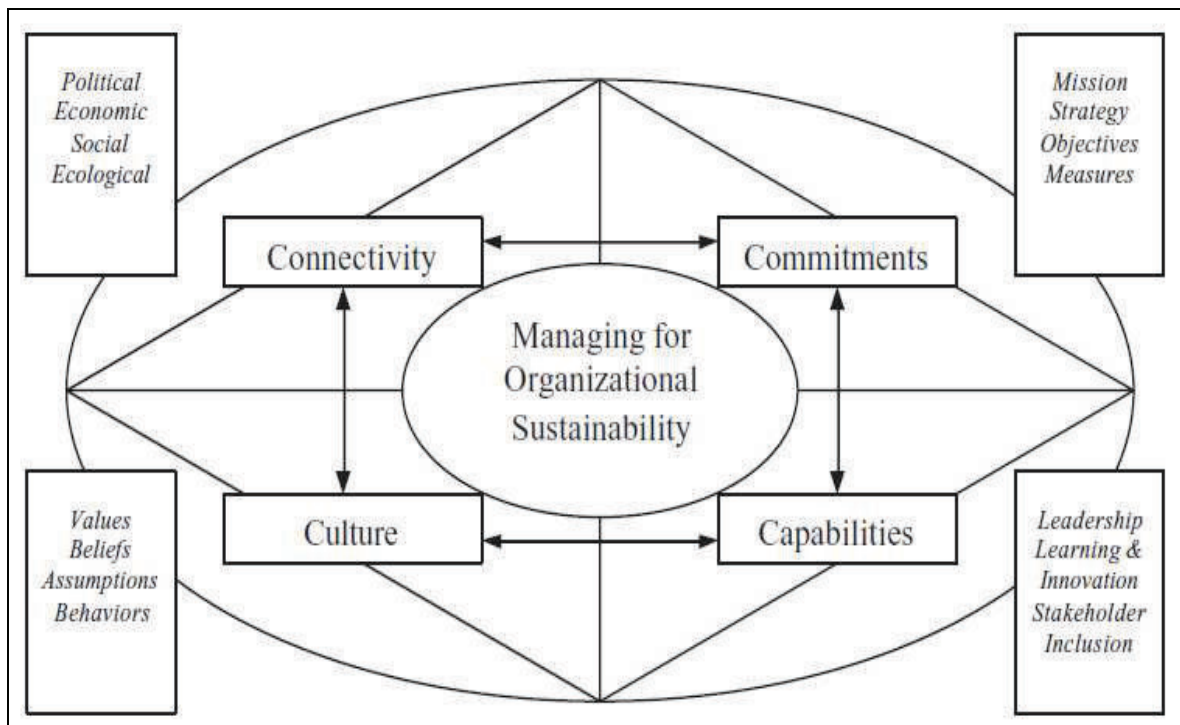


Figure 2.2 Managing for organizational sustainability

Source: Wheeler (2003) as cited in Colbert, et al. (2007)

Building organizational connectivity requires managers bring a systems based approach to cognitively and consciously situating the organization in the context of

macro global drivers across political, economic, social and ecological spheres. Second, a focus on sustainable organizational commitments demands that managers incorporate a holistic perspective into organizational mission and goal setting, reconciling the pluralism of concerns illuminated through a systems-based approach to the external context with a focus on value creation across these domains. Culture for the sustainable organization requires that that senior managers and executive teams embrace those multiple perspectives that characterize a global mindset, with an awareness of diversity across cultures and markets and the ability to synthesize a range of stakeholder demands. Finally, the organizational capabilities most significant for sustainability are leadership, learning, stakeholder inclusion, innovation. These are essential in that they allow managers and employees to adapt, comprehend and navigate the complexity of the global and organizational contexts in which they are embedded (Colbert, et al., 2007).

2.6 Human Resources Management and Functions

Human resource management (HRM) is a system, a philosophy, policy and practices that can influence individuals who work for an organization (Daud, 2006). HRM activities include functions like staffing, training and development, performance management, compensation and benefits, talent management, ethics and governance, safety and health and industrial relations.

Towers (2007) stated that HRM is the strategic and coherent approach to the management of an organization's most valued assets, which are the people work there who individually and collectively contribute to the achievement of the objectives of the business. The terms "human resource management" and "human resources" have largely

substituted the term "personnel management" as a description of the processes involved in managing people in organizations. In simple sense, HRM means employing people, developing their resources, utilizing, maintaining and compensating their services in tune with the job and organizational requirement. HRM is seen by practitioners in the field as a more innovative view of workplace management than the traditional approach. Its techniques force the managers of an enterprise to express their goals with specificity so that they can be understood and undertaken by the workforce and to provide the resources needed for them to successfully accomplish their assignments. As such, HRM techniques, when properly practiced, are expressive of the goals and operating functions of the enterprise overall. HRM is also seen by many to have a key role in risk reduction within organizations (Towers, 2007).

Huang (2000) argued that, HR functions is one area that influences employees' intention to leave, levels of job satisfaction, and organizational commitment and performance which leads to sustainability of the organization in long run (Daud, 2006). There are very few empirical studies in HR functions conducted in Malaysia. One important attempt to study HR functions was conducted in the plantation sector, specifically on the oil palm plantation estates (Bawa, 2000 as cited in Daud, 2006). In this new millennium, the role of human resources remains important if not vital to organizations. In spite of this evidence, many organizations are slow in adopting those functions that were found to contribute to organizational success. This situation is found not only in the plantation sector, but also in manufacturing sector in Malaysia (Daud, 2006).