

Integration of Sustainability into the operation of businesses through Human Resource Management Education

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This research focuses on a hardly studied dimension of Sustainability, on its aspects of Human Resource Management (HRM). The examination of the topic is justified by the fact that the emergence of Sustainable Human Resources Management (SHRM) as one of today's modern, innovative HR approaches has not yet been examined in Hungary. Thus, the research fills a gap. The study aims to investigate how and to what extent Sustainability is implemented in the HRM practices of businesses of different sizes in the Northwest-Hungarian Economic Development Zone. The questionnaire survey forming the basis of this study was carried out by interviewing managers and HR professionals of the companies. The results indicate that Sustainability appears in extremely diverse ways and degrees in the examined organizations. The vast majority of them still consider Sustainability to be a primarily environmental issue. During their operations, the companies highlight the economic and environmental aspects of Sustainability and, despite the labor shortage, do not place a significant emphasis on Sustainability in the areas of Staffing, Compensation Management, and Staff Development. As a result of this research, Széchenyi István University ensures, through the development of HR training, that future professionals can develop and operate the model of SHRM in practice by taking into account new aspects and applying a complex approach. The results of the study will not only provide new value for the academic sphere but can also contribute to more efficient and fair operation of businesses.

1. Sustainability in human resources management

A long time passed until the role of Caring Officer of 19th-century industrial companies and later Administrator evolved into modern HRM, and this field became a Business Partner in professionally structured and operated organizations of nowadays. Today's HR departments are expected to ensure the long-term availability and efficient employment of a well-trained and motivated workforce that can identify with the employer's objectives. It is also expected that HRM is not only carried out professionally, legally, and fairly but also that its contribution to the economic performance of the organization can be measured in line with contemporary trends (Karoliny and Poór, 2017). All this is happening at a time when the work of the field is being hampered by highly controversial factors. We live in a world of VUCA (Volatility, Uncertainty, Complexity, and Ambiguity), where social, economic, political, and labor market processes are unpredictable, and the timeframe for strategic planning is dramatically shortening (Hamid, 2019). Nevertheless, by the expectations of the main internal stakeholders, owners, and employees, Stability and Predictability should be sought, and the role of organizations in society also expects Sustainability.

Sustainability appears in different ways in the HRM activities of organizations. HR policies and actions serve to manage the available workforce Sustainability in the long term for the successful operation and long-term development of companies. (Karoliny and Poór, 2017). Further functions are related to social (e.g., stakeholder satisfaction) and individual (e.g., education, attitude-shaping, and awareness-raising of employees) levels (Karman, 2020).

Ensuring Sustainability also poses a difficult challenge to professionals because HRM, by its very nature, is made up of elements of a dynamic system that is constantly moving, changing, and evolving (Piwowar-Sulej, 2021). The employment of any employee is the result of a highly complex process: it starts with External

communication, Employer branding, Attracting and Recruiting potential candidates, and Selection of the right one, and then continues throughout the employment process with Motivation, Performance management, Training and Development, Career management and, even in certain unwanted cases, by Outplacement. Process character also defines the work of HR professionals in another sense. Nowadays, it is widely known that technological developments, digitalization, changes in the way organizations operate and work, the disappearance of some professions, and the emergence of new ones are radically transforming the required competence set of employees and the entire labor market. In this complex and challenging context, Sustainability appears on at least two levels in the HR profession: on the one hand, sustainably managing the workforce in the long term, and on the other hand, in shaping the attitude of the employees regarding Sustainability, arising from the social responsibility mission of the organizations (Proença, 2022).

The idea and concept of Sustainable Human Resource Management (SHRM) is founded on the green movement related to the protection of the environment and saving the Earth from future adversities, which are also the consequences of certain irresponsible human activities. It involves undertaking environmentally friendly HR initiatives resulting in lower costs, greater efficiencies, and better employee engagement. This HR practice helps organizations to reduce employee carbon footprints through the likes of electronic administration, job and car sharing, teleconferencing, home office, virtual interviews, recycling, online training, energy-efficient office spaces, etc. (Hussain, 2018).

In 2015, all member states of the UN adopted the Sustainable Development Agenda for the period up to 2030, which was centered on the 17 Sustainable Development Goals (SDGs). Focusing on the organizational and work-related aspects of Sustainability, SHRM can play a key role in creating a working environment that promotes Sustainability, communicating the SDGs widely to internal stakeholders, and encouraging their achievement (Chams and Garcia-Blandón, 2019). In connection with the SDGs, the literature formulated the following 6 characteristics in the field of Sustainable HRM: (1) contradictory outcomes, (2) concern with capability development, (3) the need to recognize potential and actual positive and negative outcomes, (4) attention to the development and implementation of HRM activities, (5) the explicit statement of values informing SHRM and (6) the design of metrics to promote sustainability (Kramar, 2022).

HRM research in Hungary has so far been conducted in parallel with, but independently of, investigations aimed at Sustainability and focused primarily on the transforming and strategic role of HRM, but the appearance of SHRM as one of today's modern, innovative HR approaches has not yet been investigated. The study examines the role of Sustainability in the operations of the organizations. In particular, it investigates the extent to which Sustainability is reflected in specific HR policies such as Staffing, Compensation Management, and Staff Development.

A significant novelty of this research is that it introduces the topic of Sustainability into the Hungarian HRM literature and professional discourse. The integration of the topic into HR education creates new value for the academic sphere and can also contribute to the more efficient operation of organizations through the application of up-to-date SHRM methods.

2. Materials and methodology

In this paper, the appearance of Sustainability in the HRM of small and large enterprises operating in the Northwest-Hungarian Economic Development Zone was investigated through questionnaire research carried out on a small sample. This area does not coincide with any of the statistical territorial units in the NUTS nomenclature and was created by the Government of Hungary in 2020 specifically for economic development. The goal of the establishment of the five Economic Development Zones created in Hungary was to enable these historic regions, which form an economically and culturally unified area, to develop as an internationally competitive economic entity through the implementation of local development strategies and projects. The investigated Zone covers the territory of two NUTS 2 regions (Western Transdanubia, Central Transdanubia) and six NUTS 3 regions (Győr-Moson-Sopron, Fejér, Komárom-Esztergom, Vas, Veszprém and Zala counties). According to the Central Statistical Office, its population in 2023 is 2,043,660 people, which is 21.29 % of the country's value. Its economic development is in line with the national average: the GDP produced in 2021 in this Zone was 19.66 % of the national value, and the national product per capita was 92.13 % of the national average. The number of people employed in this Zone is 1,037.3 thousand, 4 % of them work in agriculture, 40.83 % in industry, and 55.17 % work in the service sector. The employment rate of the population aged 15-74 in the examined area exceeded the national average by 1.7 % in 2022. In the same year, the unemployment rate was 2.05 %, and the number of registered job seekers was only 44,292. Based on all of this, it can be stated that practically full employment has been achieved in the studied area, so it is in the fundamental interest of employers to strive for Sustainability in HRM activities.

The method of research was a Google Form, available from 23 June to 13 July 2023. A link to the online questionnaire was sent to 45 organizations, and it has been filled out by 19 representatives, which means

42.22 % willingness to respond. During the sampling, the researchers sought to reach organizations with various backgrounds and sizes and operating in different fields as possible. The questionnaire was anonymous, and no data was required that would provide an opportunity to identify the respondent organization. The diversity of the sample is illustrated by the analysis in the next chapter.

The questionnaire contained a mix of close-ended questions with rating scales and open-ended questions and examined how Sustainability appears in the operation of the responding organizations with particular regard to their HR activities according to self-assessment. Based on the findings of the literature and their decades of work experience, the researchers identified three HR topics in which the way and extent of the occurrence of Sustainability was examined, using rating scales. These were: Staffing, Compensation Management, and Staff development. The open-ended questions provided the respondents with the opportunity to raise additional HR-relevant topics in addition to the above HR areas.

3. Results

Based on organizational size, the sample consists of 26.32 % micro-enterprises, 31.58 % small, 10.53 % medium-sized, and 31.58 % large enterprises. The main scope of activities of the responding organizations is extremely diverse, falling into 9 different classes according to the Standard Industrial Classification of Activities: Construction; Education; Information, communication; Manufacturing; Other services; Professional, scientific, and technical activities; Public administration, defense; compulsory social security; Trade, vehicle repair; Water supply; sewerage, waste management, and remediation activities. By scope of activity, other services (31.58 %) and Manufacturing (26.32 %) were the largest in the sample, which is consistent with the sectoral distribution of organizations in the Zone and the industry focus of the examined area. More than two-thirds of the responding organizations (68.42 %) are Hungarian, 26.32 % are foreign-owned, and 5.26 % have a mixed ownership background.

The first item of the questionnaire was aimed at examining the existence of a stereotype. The respondents evaluated on a six-point Likert scale the extent to which they agree with the statement that Sustainability primarily means taking environmental issues into account. Refuting the preliminary assumptions of the researchers, the vast majority of the respondents (83.33 %) agreed or strongly agreed with this claim, while only one organization rejected it completely (Figure 1). Based on the answers, it can be concluded that for the majority of the responding organizations, Sustainability still primarily means taking environmental issues into account.

To what extent does your institution agree with the following statement?

Sustainability primarily means taking environmental issues into account

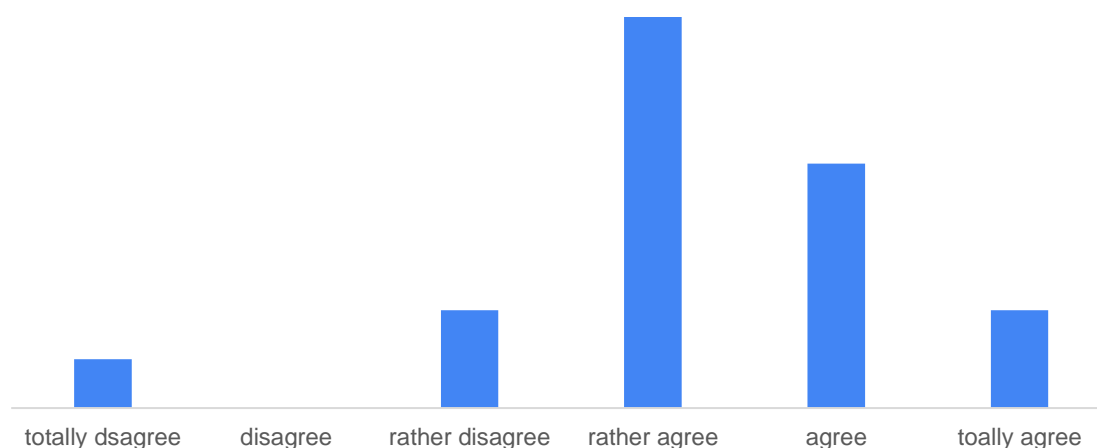


Figure 1: The link between Sustainability and Environmental issues

Regardless of the existing focus on environmental issues, according to the self-assessment of the responding organizations, they also take further aspects of Sustainability into account during their operations. Among the 8 evaluated aspects shown in Figure 2, the least important was also given a value of 4.00 on the six-point Likert scale. Various ways of manifestation of Sustainability are mixed among the aspects considered to be the most

important. While *Sparing management* (Mean = 5.22) indicates Economic Sustainability, *Modest use of environmental resources* (Mean = 5.17) – similar to the previous question – suggests environmental considerations, and both aspects may play a role in the importance of *Building engineering solutions for energy-saving* (Mean = 5.12) option. From the point of view of our research, it is important to note that the evaluation of options related to HR functions shows a very mixed picture. The *Sustainability-related messages for employees* (e.g., *Turn off the lights!*) option received the highest rating (Mean = 5.39), which contains mainly economic aspects, but it can also be used for shaping the attitude of employees. *Support of sustainability-related staff initiatives* (e.g., *Cycle to work!*) could be another tool for addressing the same issue, but this was the least important option (Mean = 4.00). In the labor market situation described in the previous chapter, it may be somewhat surprising that the importance of *Sustainable and fair HRM* (Mean = 5.11) was outranked by four other options. Based on this, it can be concluded that the concept of Sustainability is not primarily about managing and retaining employees for organizations.



Figure 2: Reflection of Sustainability in different areas of operation

It is somewhat surprising that the evaluation of the HR policies identified by the researchers yielded even lower scores. Figure 3 shows that Sustainability is rated as slightly above medium importance in the areas of Staffing, Staff Development, and Compensation Management, even though these interrelated HR policies are critical to the long-term availability of the right quantity of well-trained staff and thus to the efficient operation of organizations.

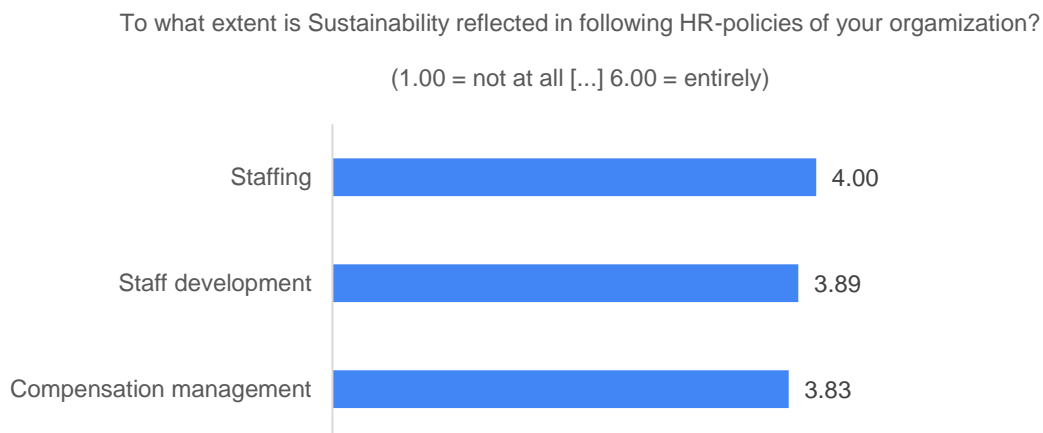


Figure 3: Reflection of Sustainability in different HR policies

In response to the open-ended questions, 87 different keywords were shared, describing respondents' activities in the above three HR functions of their organization. The majority of the most frequently mentioned terms are directly or indirectly related to future orientation and development, but they do not include any concrete reference to Sustainability in these activities. Figure 4 highlights that Training & Development (9 responses) and Strategic Approach (6 responses) received by far the most mentions of the 87 keywords.

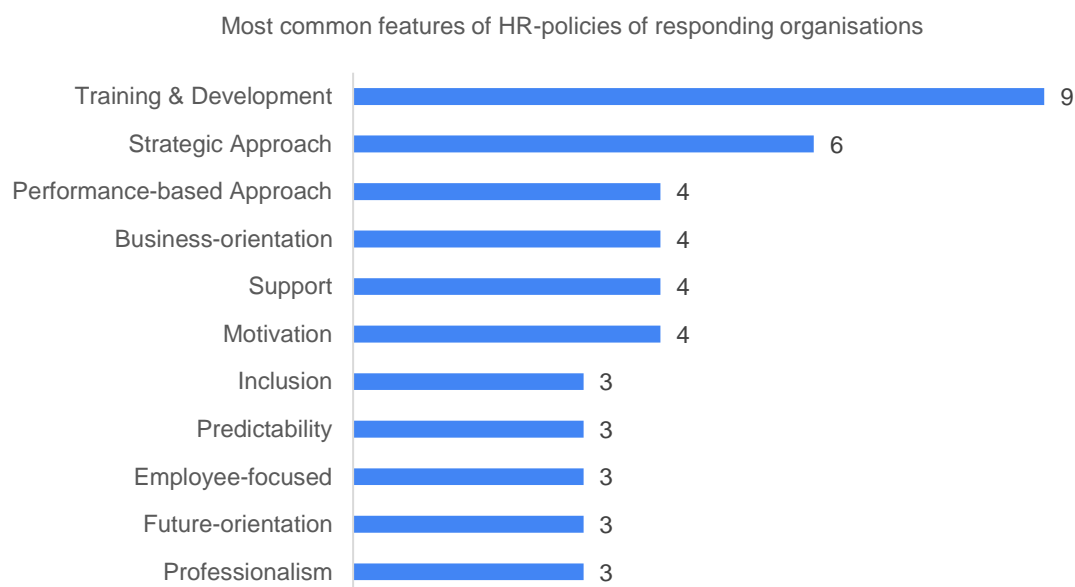


Figure 4: Keywords describing respondents' HR activities

Regarding the limitations of the research, it should be mentioned that although the researchers tried to ensure representativeness through targeted inquiries when sharing the link to the online questionnaire, which was largely successful based on the responses, small numbers of items are available when filtered by a certain company size, ownership background or activity. For this reason, the results of this research are not considered to be general, but they are well-suited to provide an overview of the attitudes and opinions of the organizations of the examined area regarding SHRM.

4. Discussion

According to the literature, the focus of today's HRM activities, in addition to meeting business objectives, is on representing social issues and shaping the attitudes of internal and external stakeholders, especially employees. HRM can play a key role in better reflecting Sustainability aspects. This can be done in parallel on two levels: by pursuit of a sustainable, cost-effective HR policy that serves the interests of ownership and the local community and by the implementation of awareness-raising actions for employees. The results of the research show that Sustainability and SHRM are present in very diverse ways and to different degrees in the organizations surveyed, and therefore, the development of (future) HR professionals on this topic is considered to be a crucial task.

The authors of this study, as supervisors and lecturers of the Human Resource Counselling MA training at Széchenyi István University, are committed to the continuous renewal of the content and methodology of HR Education. As the result of this research, the contents of the HR training will be reviewed to present Sustainability aspects in multiple courses. This curriculum development activity and the inclusion of Sustainability in various courses is not without precedent at the Apáczai Csere János Faculty of Education, Humanities, and Social Sciences. During the academic year 2022/23, during the implementation of the project of the Hungarian Energy and Public Utilities Regulatory Office, "Environmental Education and Sustainability – implementation of Energy Awareness and Environmental Education Programmes in Hungarian Higher Education" (Zádori, 2022), the topics of Environmental Education and Sustainability were integrated into some courses of the faculty, including Human Resource Counselling MA (Rákosi et al., 2023).

According to the results of the research, Sustainability is rated only as slightly above medium importance in the areas of examined HR policies, which indicates the need for a change in the way of thinking of professionals.

The aim is to shape the mindset of future HR staff and to prepare them effectively for the SHRM tasks. Due to the key role of HRM (94.74 % of respondents having an HR Representative/Manager in the decision-making body in the examined organizations), sensitization of future professionals, the shape of their attitudes, and the dissemination of up-to-date SHRM can have a positive impact on the operation of the whole organization.

5. Conclusions

Based on the research, the topic of Sustainability is extremely controversial in the examined organizations. The vast majority of the respondents still consider Sustainability to be a primarily environmental issue, with 83.33 % agreeing or strongly agreeing with this statement. At the same time, examining the operation of the organizations, it can be stated that, in addition to the environmental point of view, economic and social aspects are also significant. This is shown by the fact that, among the aspects examined, Sustainability-related messages for employees (Mean = 5.39 on the six-point Likert scale) and Sparing management (Mean = 5.22) were the most prevalent options during the operation of the businesses. The degree to which HRM activities specifically aimed at Sustainability characterize the operation of the responding organizations is extremely diverse. According to the companies' self-assessment, of the three HR policies examined (Staffing, Staff Development, and Compensation Management), Staffing is most characterized by Sustainability, but even this field only received an average value of 4.00 on the six-point Likert scale. It shows that, despite the significant labor shortage affecting the examined region, the organizations do not place much emphasis on Sustainability in their HR activities. All this indicates that up-to-date SHRM policies and practices can only be observed to a limited extent in the enterprises of the examined region.

As the result of this research, the contents of HR training at Széchenyi University will be reviewed to present Sustainability aspects in a horizontal approach, with a special emphasis on presenting the social and economic aspects of the topic in multiple courses. Since Training and development and Strategic Approach are the most common among Sustainability-related HR activities of the surveyed organizations, it is necessary to integrate this topic as the first step into the closely related courses of Human Resources Management, Career Support Services, and Theory and Practice of Planning and Consulting. This will be done from the next academic year, in parallel with the internationalization of the training.

As the next phase of this research, to examine the effectiveness of training development, it would be beneficial to conduct a comparative analysis to investigate whether there is a significant difference in SHRM policies between HR organizations led by Alumni of Széchenyi University HR training and the control group.

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